ANNUAL REPORT & AUDIT REPORT

2021 – 2022

KERALA STATE BEVERAGES
(Manufacturing & Marketing)
CORPORATION LIMITED
THIRUVANANTHAPURAM

KERALA STATE BEVERAGES
(MANUFACTURING & MARKETING) CORPORATION LTD.
THIRUVANANTHAPURAM

BOARD OF DIRECTORS From April 2021 - March 2022

Sl.No.	Name	From	To
1	Anand Singh IAS	26/11/2019	18/09/2021
2	Sanjay M Kaul IAS	22/01/2020	23/07/2021
3	Suresh Kumar S	23/07/2021	Continuing
4	S Aananthakrishnan IPS	19/06/2019	Continuing
5	Yogesh Gupta IPS	12/02/2021	06/10/2021
6	Lissy K B	11/02/2021	06/10/2021
7	Gokul G R IAS	23/07/2021	12/11/2021
8	S Syam Sundar IPS	06/10/2021	Continuing
9	Mohammed Y Saffirulla K IAS	12/11/2021	Continuing
10	Rathan U Kelkar IAS	18/09/2021	Continuing

COMPANY SECRETARY : SHRI. JOHN JOSEPH

AUDITORS : KRISHNAMOORTHY & KRISHNAMOORTHY
Paliyam Road, Cochin - 682016
Kerala, India

BANKERS

1. Federal Bank
2. Canara Bank
3. Punjab National Bank
4. Union Bank of India
5. State Bank of India
6. City Union Bank
7. HDFC
8. District Treasury
9. Indian Bank

WAREHOUSES

1. Nedumangadu
2. Attingal
3. Balaramapuram
4. Kollam
5. Kottarakkara
6. Pathanamthitta
7. Thiruvalla
8. Alappuzha
9. Kottayam
10. Ayarkunnam
11. Thodupuzha
12. Tripunithura
13. Perumbavoor
14. Aluva
15. Chalakudy
16. Thrissur
17. Palakkad
18. Perinthalmanna
19. Kozhikode
20. Menonpara
21. Wayanad
22. Kannur
23. Battathur

KSBC FL – 1 SHOPS – LOCATIONS

Sl.No.	SHOP LOCATION	FL1 No.
	ATTACHED TO NEDUMANGADU WAREHOUSE	
1	Power House	01011
2	Pazhavangadi	01013
3	Vattiyoorkavu	01017
4	Nettayam Mukkola	01018
5	Nedumangadu	01030
6	Vithura	01032
7	Vembayam	01035
8	Palode	01036
9	Aryanad	01037
	ATTACHED TO ATTINGAL WAREHOUSE	
10	Mannanthala	01024
11	Ulloor	01025
12	Kazhakkuttom	01026
13	Mangalapuram	01027
14	Sreekariyam	01028
15	Pothencode	01029
16	Kallara	01034
17	Chirayinkeezhu	01039
18	Varkala	01040
19	Kilimanoor	01041
20	Kallambalam	01042
21	Nilakkamukku	01043
	ATTACHED TO BALARAMAPURAM WAREHOUSE	
22	Parassala	01001
23	Kaliyikkavila	01002
24	Vellarada	01003
25	Neyyattinkara	01005
26	Mukkola	01006
27	Balaramapuram	01007
28	Thirupuram	01008
29	Kattakada	01009
30	Malayinkeezhu	01010
31	Killipalam	01021
32	Kovalam	01022
33	Punnakulam	01045
34	Pettah	01015
	ATTACHED TO KOLLAM WAREHOUSE	
35	Kollam	02001
36	Kundara	02002
37	Kavanadu	02003
38	Punthalathazham	02004
39	Chara Thekkumbhagom	02007
40	Eravipuram	02009
41	Anchalummoodu	02010
42	Kottiyam	02013
43	Parippally	02014
44	Chavara	02017
45	Oyoor	02023
46	Nedumancavu	02029
	ATTACHED TO KOTTARAKKARA WAREHOUSE	
47	Kottarakkara	02022
48	Valakom	02024
49	Chadayamangalam	02025
50	Kadakkal	02026
51	Ezhukon	02027
52	Puthoor	02028
53	Punalur	02031
54	Pattazhi	02032
55	Kunnikkode	02033
56	Thenmala	02034
57	Anchal	02036
58	Ayoor	02037
59	Yeroor	02038
60	Madathara	02039
	ATTACHED TO PATHANAMTHITTA WAREHOUSE	
61	Sasthamcottah	02021
62	Pathanapuram	02030
63	Old Pathanamthitta	03001
64	Kannankara PTA	03003
65	Kulanada	03005
66	Kidangoor	03006
67	Konni	03007
68	Ranni	03008
69	Chittar	03009
70	Perunadu	03010
71	Adoor	03014
72	Pandalam	03015
73	Kodumon	03016
	ATTACHED TO THIRUVALLA WAREHOUSE	
74	Karunagapally	02016
75	Oachira	02018
76	Mallappally	03011
77	Thiruvalla	03012
78	Podiyadi	03013
79	Eraviperur	03017
80	Edathua	04013
81	Thakazhy	04016
82	Chengannoor	04017
83	Mannar	04018
84	Kollakadavu	04019
85	Mavelikkara	04020
86	Kattachira	04021
87	Edappon	04022
88	Kayamkulam	04025
	ATTACHED TO ALAPPUZHA WAREHOUSE	
89	Aroor	04001
90	Thuravoor	04002
91	Cherthala	04003
92	Cherthala	04004
93	Muhamma	04005
94	Mullakkal	04008
95	Kalavoor	04011
96	Alappuzha	04012
97	Nedumudi	04015
98	Harippad	04023
99	Thrikkunnapuzha	04024
	ATTACHED TO KOTTAYAM WAREHOUSE	
100	Changanasserry	05002
101	Chingavanam	05011
102	Kottayam	05012
103	Kottayam, Near KSRTC	05013

Sl.No.	PLACE	Shop No.
104	Nagambadam	05015
105	M L Road	05017
106	Gandhi Nagar	05020
107	Old Boat Jetty	05021
108	Kuravilangad	05023
109	Vaikkom	05031
110	Peruva	05032
111	Kaduthuruthi	05033
112	Thalayolapparambu	05034
	ATTACHED TO AYARKUNNAM WAREHOUSE	
113	Karukachal	05001
114	Poonjar (Thengana)	05003
115	Manimala	05004
116	Kanjirapally	05008
117	Erumely	05009
118	Kottayam Paika	05014
119	Pallikkathodu	05019
120	Uzhavoor	05025
121	Palai	05026
122	Ramapuram	05028
123	Erattupetta	05030
124	Walladie	06028
125	Vandiperiyar	06029
126	Kumali	06030
	ATTACHED TO THODUPUZHA WAREHOUSE	
127	Thodupuzha	06001
128	Thodupuzha	06002
129	Karimanoor	06004
130	Moolamattam	06006
131	Thadiyampadu	06007
132	Munnar	06009
133	Munnar	06010
134	Kunjithanni	06012
135	Kovilkadavu	06015
136	Rajakkad	06016
137	Nedumkantam	06017
138	Pooppara	06018
139	Rajakumari	06019
140	Baison Valley	06020
141	Kattappana	06021
142	Anakkara	06022
143	Upputhura	06027
	ATTACHED TO TRIPUNITHURA WAREHOUSE	
144	Kaloor	07006
145	Kadavanthara	07007
146	Pachalam	07008
147	Vytilla	07009
148	Shanmugham Road	07010
149	Lizy Junction	07012
150	Thrippunithura	07017
151	Thrippunithura	07018
152	Thoppumpady	07022
153	Karuvelippadi	07023
154	Fort Cochi	07024
155	Palluruthi	07025
156	Pandikkudi	07026
157	Piravam	07047
	ATTACHED TO PERUMBAVOOR WAREHOUSE	
158	Manjapra	07035
159	Perumbavoor	07036
160	Kuruppampadi	07037
161	Kolenchery	07039
162	Muvattupuzha	07051
163	Kothamangalam	07053
164	Kothamangalam	07054
165	Pothanikad	07055
	ATTACHED TO ALUVA WAREHOUSE	
166	Edappally	07005
167	Pipeline Junction	07013
168	Padivattom	07015
169	Koonanthai	07016
170	Cherrai	07029
171	Aluva	07031
172	Alangad	07032
173	Athani	07033
174	Puthenkurisu	07038
175	Kezhakkambalam	07040
176	North Parur	07042
177	Vadakkekkara	07043
178	Kavilnada	07045
179	Elanji Town	07048
180	Ramamangalam	07049
	ATTACHED TO CHALAKKUDY WAREHOUSE	
181	Ankamali	07030
182	Puthenvelikkara	07044
183	Kaippamangalam	08017
184	Kodali	08018
185	Irinjalakkuda	08019
186	Amballoor	08020
187	Kodakara	08021
188	Chalakkudy	08022
189	Koratty	08023
190	Melir	08032
	ATTACHED TO THRISSUR WAREHOUSE	
191	Thrissur	08001
192	Thrissur	08002
193	Thrissur	08003
194	Mannuthy	08004
195	Thrissur (S T)	08005
196	Poothole	08007
197	Kokkala	08008
198	Manorama	08010
199	Cherpu	08011
200	Oloor	08012
201	Thirur	08013
202	Kaiparambu	08014
203	Vadanappally	08028
204	Edamuttam	08030
205	Mullassery Canal	08031
	ATTACHED TO PALAKKAD WAREHOUSE	
206	Palakkad	09006
207	Palakkad	09007
208	Palakkad	09008
209	Palakkad	09013
210	Kongad	09016
211	Pathirippala	09017
212	Kolappully	09019
213	Koppam	09021

Sl.No.	PLACE	Shop No.
214	Cherupulassery	09022
215	Sreekrishnapuram	09023
216	Mannarcadu	09029
217	Kalladikode	09030
	ATTACHED TO MENONPARA WAREHOUSE	
218	Chittor	09001
219	Koduvazhiyoor	09004
220	Walayar	09014
221	Puthussery	09015
222	Alathur	09025
223	Vadakancheri	09026
224	Mangalam Dam	09027
225	Kuzhalmannom	09028
226	Menonpara	09031
	ATTACHED TO PERINTHALMANNA WAREHOUSE	
227	Ponnani	10001
228	Edappal	10002
229	Thirur	10003
230	Perinthalmanna	10006
231	Malappuram	10008
232	Manjeri	10010
233	Nilambur	10012
234	Edakkara	10013
	ATTACHED TO KOZHIKODE WAREHOUSE	
235	Feroke	11001
236	Ramanattukara	11002
237	Kozhikode	11003
238	Karikkamkulam	11006
239	Kozhikode (YMCA Cross Road)	11008
240	Eranjipalam	11011
241	Kunnamangalam	11012
242	Thiruvambadi	11013
243	Payyoli	11017
244	Perambra	11019
245	Vadakara	11020
	ATTACHED TO WAYANAD WAREHOUSE	
246	Vythiri	12001
247	Sulthan Battery	12005
248	Pulpally	12007
249	Ambalavayal	12008
250	Mananthavadi	12009
251	Panamaram	12011
	ATTACHED TO KANNUR WAREHOUSE	
252	Thalassery	13001
253	Koothuparambu	13003
254	Pazhayangadi	13006
255	Pilathara	13007
256	Kannur	13009
257	Kannur Town	13010
258	Kannur	13011
259	Pudhiyatheruvu	13012
260	Chakkarakkallu	13013
261	Payannur	13016
262	Sreekandapuram	13019

Sl.No.	PLACE	Shop No.
	ATTACHED TO BATTATHUR WAREHOUSE	
263	Kumbala	14001
264	Kasargode	14002
265	Kasargode	14003
266	Badiyadukka	14005
267	Manjeswaram	14006
268	Kanjangad	14008
269	Nileshwar	14009
270	Vellarikundu	14010

KERALA STATE BEVERAGES
(MANUFACTURING & MARKETING) CORPORATION LTD.
(A GOVERNMENT OF KERALA UNDERTAKING)

Bevco Tower, Vikas Bhavan P.O., Palayam, Thiruvananthapuram – 695033
Phone : 2724970, 2724913, Fax : 2727604, E-mail: itd@ksbc.co.in
(CIN: U15549KL1984SGC003927)

No. KSBC/SEC/AGM38/2022-23 05/09/2022

To

All Shareholders

NOTICE

NOTICE is hereby given that the Adjourned 38th Annual General Meeting of the Members of Kerala State Beverages (Manufacturing & Marketing) Corporation Limited will be held on Friday, the 30th day of September, 2022 at 3.00 p.m at the registered office of the Corporation at **BEVCO Tower, Vikas Bhavan (PO), Trivandrum**, to transact the following:

Ordinary Business:

1. **Adoption of Audited financial statements for the year ended 31st March, 2022.**
2. **Declaration of Dividend for the year 2021-22.**
3. **Fixation of remuneration of Statutory Auditor for the year 2022-23.**

By Order of the Board
For Kerala State Beverages (M&M) Corporation Limited

Sd/-
CHAIRMAN & MANAGING DIRECTOR

Place: Trivandrum
Date: 05/09/2022

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

KERALA STATE BEVERAGES
(MANUFACTURING & MARKETING) CORPORATION LTD.
(A GOVERNMENT OF KERALA UNDERTAKING)

Bevco Tower, Vikas Bhavan P.O., Palayam, Thiruvananthapuram – 695033
Phone : 2724970, 2724913, Fax : 2727604, E-mail: itd@ksbc.co.in
(CIN: U15549KL1984SGC003927)

No. KSBC/SEC-1/38/2024-25 02.09.2024

All Shareholders

NOTICE

Ref: KSBC/SEC-1/38/2024-25 dtd: 23.07.2024

Further to the above referred notice, this is to inform that Adjourned 38th Annual General Meeting of the Members of Kerala State Beverages (Manufacturing & Marketing) Corporation Limited will be held on Saturday, the **28th day of September, 2024 at 2.30 p.m.** at the registered office of the Company at **BEVCO Tower, Vikas Bhavan (PO), Trivandrum**, to transact the following:

Ordinary Business:

1. **Adoption of Audited financial statements for the year 2021-22.**

   To receive, consider and adopt the audited financial statement for the year ended 31.03.2022 together with the Director's Report, Auditor's Report and the Comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act 2013 for the year ended on that date and replies thereto.

By Order of the Board
For Kerala State Beverages (M&M) Corporation Limited

Sd/-
CHAIRMAN & MANAGING DIRECTOR

Place: Trivandrum
Date: 31.08.2024

Note: 1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and on a poll, to vote instead of himself. The proxy need not necessarily be a member of the company.

2. A proxy in order to be effective must be lodged with the company not less than forty eight hours before the meeting.
3. The Register of members and share Transfer Register of the company will remain closed from 20th September to 30th September 2024 (both days inclusive)

KERALA STATE BEVERAGES
(MANUFACTURING & MARKETING) CORPORATION LTD.
(A GOVERNMENT OF KERALA UNDERTAKING)

Bevco Tower, Vikas Bhavan P.O., Palayam, Thiruvananthapuram – 695033
Phone : 2724970, 2724913, Fax : 2727604, E-mail: itd@ksbc.co.in
(CIN: U15549KL1984SGC003927)

PROXY FORM

"I/We ______________________________ of ______________________ in the District of _______________________ being a member / members of the above named Company hereby appoint _____________________ of ______________________________ in the District of _________________ ___________________________ as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on the __________________ day of __________________ and at my adjournment thereof."

Signed this _____________________ day of _______________

Board Meeting on 21.02.2024

DIRECTORS' REPORT

To

THE SHAREHOLDERS

The Board of Directors have pleasure in presenting the XXXVIII Annual Report of the business and operations of the Company together with the Financial Statement for the year ended 31st March, 2022.

1 HIGHLIGHT OF ACTIVITIES

The activities of the Company during the year under review continued without any major changes as desired by the Government.

Gross sale of the Company during 2021-22 was Rs. 14,576 crores as against Rs. 13,212 crores for the previous year 2020-21. Quantity-wise details of sales for the current year and previous year are as follows:

(Number of cases in lakhs)

Particulars	FY 2021-22	FY 2020-21
IMFL	181.03	186.59
Beer/Wine	86.31	73.33
FMFL/FMW	0.35	0.23

Liquor purchases made was to the tune of Rs.1617.95 crores (previous year Rs.1494.28 crores). The company has shown losses after tax adjustment during the year for an amount of Rs.18.66 crores as against the loss of Rs.280.82 crores in the previous year.

2 FINANCIAL RESULTS

The summary of financial operations of the Corporation for the years 2021-22 and 2020-21 is given below:

(Rupees in Crores)

	Particulars	2021-22	2020-21
A	**INCOME**		
	Revenue From Operations (Gross Sales & other Operating Revenue)	14,693.66	13,297.85
	Other Income (Interest Income etc.)	153.21	171.02
	TOTAL INCOME	**14,846.87**	**13,468.87**
B	**EXPENSES**		
	Liquor Purchases (after trade Discount)	1,615.84	1,492.62
	Changes in Inventory	37.44	-24.16
	Contribution to State Exchequer (ST, ED, IF, TOT, Kist, Gallonage fee etc.)	12,717.09	11,723.71
	Administrative and Other expenses	474.16	565.95
	Depreciation and amortisation expenses	10.42	3.76
	Provisions	1.38	1.34
	TOTAL EXPENSES	**14,856.33**	**13,763.22**

(Rupees in Crores)

	Particulars	2021-22	2020-21
C	PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX	(9.46)	(294.35)
	Exceptional items	0	0
D	PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATION	(9.46)	(294.35)
	Tax Expense	9.2	(13.53)
E	PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATION	(18.66)	(280.82)

3 CONTRIBUTION TO STATE EXCHEQUER

The revenue by way of various duties and taxes generated and paid to the State Exchequer through the operations of the Company during the year under review is as follows:

Contribution to State Exchequer	(Rs. in crores)			
	2021-22	2020-21	Increase/ Decrease	% Increase/ Decrease
Sales Tax	10146.45	9223.08	923.37	10.01%
TOT	736.11	667.31	68.80	10.31%
Excise Duty	1811.85	1813.15	-1.30	-0.07%
Gallonage Fee	1.16	1.13	0.03	2.65%
License Fee	0.23	0.23	0	0
Kist	10.8	10.8	0	0
Import Fee	10.49	8.01	2.48	30.96%
TOTAL	**12717.09**	**11723.71**	**993.38**	**8.47%**

Increase : Rs. 993.38 crores

% Increase: 8.47 %

4 DIVIDEND

The Company had incurred losses during the year 2020-21, hence, the Directors have decided not to declare the dividend for the year. Similarly, during the year 2021-22 also, the company reported a loss and therefore the directors do not propose any Dividend for year 2021-22.

5 DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

6 CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business. The Company continued with its wholesale and retail trading operations in Indian and foreign liquor. The Corporation conducted its Wholesale business from 23 FL-9 Warehouses and Retail business from 270 FL-1 Retail Shops.

7 MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No such material changes and committments.

8 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant Orders were passed by Regulatory Authorities or Courts or Tribunals impacting the going concern status and Company's Operations in future.

9 DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company is taking action to further enhance its Internal Financial Controls.

10 DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

NIL

11 PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

NA

12 DEPOSITS DETAILS COVERED UNDER CHAPTER V OF THE ACT

NA

13 STATUTORY AUDITORS

M/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, was appointed as Statutory Auditors of the Company for the year ended 31.03.2022 by the Comptroller and Auditor General of India.

14 SHARE CAPITAL

A)	Issue of equity shares with differential rights as per the Rule 4(4) of Companies (Share Capital and Debentures) Rules, 2014	Nil
B)	Issue of sweat equity shares as provided in Rule 8 (13) of Companies (Share Capital and Debentures) Rules, 2014	Nil
C)	Issue of employee stock options as provided in Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014	Nil
D)	Provision of money by Company for purchase of its own shares by employees or by trustees for the benefit of employees as provided in Rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014	Nil

15 CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

NA

16 CORPORATE SOCIAL RESPONSIBILITY

- The Board has constituted a CSR Committee which stands reconstituted from time to time consequent to changes in Directorship.
- During the year 2021-22, an amount of Rs 0.40 Crores was spent towards CSR activities as prescribed under schedule VII, of the Companies 2013.

17 BOARD OF DIRECTORS

A) Change in Directors and Key Managerial Personnel

Appointment of Directors

Shri. Suresh Kumar S

Shri. S Syamsundar IPS

Shri. Rathan U Kelkar IAS

Shri. Mohammed Y Safirulla IAS

Shri. Gokul G R IAS

Cessation of Directors

Shri. Sanjay M Kaul IAS

Shri. Yogesh Gupta IPS

Smt. Lissy K B

Shri. Gokul G R IAS

Shri. Anand Singh IAS

B) Declaration by an Independent Director(s) and re-appointment.

NA

C) Formal Annual Evaluation (applicable to listed Company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year).

NA

18 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

There were Four numbers of meetings held during the year under report

19 AUDIT COMMITTEE

NA

20 DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

There is a separate Internal Audit section in the Company.

21 NOMINATION AND REMUNERATION COMMITTEE

NA

22 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

NIL

23 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

NIL

24 MANAGERIAL REMUNERATION

A)	Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. (Applicable to listed Company)	NA
B)	Details of every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.	NA
C)	Any Director who is in receipt of any commission from the Company and who is a Managing Director or Whole-time Director of the Company shall receive any remuneration or commission from any Holding Company or Subsidiary Company of such Company subject to its disclosure by the Company in the Board's Report	Nil/ NA
D)	The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the financial statement:- i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the Directors; **Salaries and Allowances:** Sri. Yogesh Gupta IPS – 0.21 crores Sri. Syam Sundar IPS – 0.13 crores Sri. John Joseph (CS) – 0.17 crores	
	ii) details of fixed component and performance linked incentives along with the performance criteria;	Nil
	iii) service contracts, notice period, severance fees;	Nil
	iv) stock option details, if any and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	Nil

25 SECRETARIAL AUDIT REPORT (Applicable to Listed Company and every public company having a paid-up share capital of fifty crore rupees or more or every public company having turnover of two hundred fifty crore rupees or more)

NA

26 CORPORATE GOVERNANCE CERTIFICATE (Applicable to Listed Companies).

NA

27 RISK MANAGEMENT POLICY

NIL

28 DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Directors Responsibility Statement referred to in Clause (c) of Sub – Section 134 of the Companies Act, 2013, your Directors state that:

(a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accountings records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the Annual Accounts on a going concern basis and

(e) The Directors had devised proper systems to ensure compliance with the provisions of the applicable loss and that such systems were adequate and operating effectively.

29 COMMENTS ON THE QUALIFICATION MADE BY THE STATUTORY AUDITORS

a. The Company is of the view that the agreements entered into by the company are of the nature of operating lease and as such those agreements are not covered under Ind AS 116. Moreover the amount involved is not significant. However, the same shall be examined for future presentations.

b. Since the settlement of insurance claim doesn't often happen in the financial year in which the losses have incurred, the company could not de-recognise the property, plant and equipment lost due to fire, theft or flood at shops or warehouses. However, on ascertainment of actual loss incurred by the company and after receipt of the relevant documents, we will take necessary action in the future to de-recognise the same.

c. The Company is of the belief that the assets used by the company does not incur any impairment within the effective life of the assets and hence not been provided.

d. The Company is following the practice of accounting loss of stock due to fire, theft or flood at shops or warehouses in the year of occurrence by treating the same as consumption and the insurance claim received against the same are accounted in the year of receipt. The above accounting treatment is based on the principle of conservatism and consistency as the company is not certain whether the claims lodged by the company will be fully admitted by the insurance company or not. Hence company is of the opinion that the accounting treatment of followed is in line with the accounting principles.

e. The company will put maximum efforts to reconcile the same.

f. Circular Resolution was duly ratified in the Board Meeting held on 23.07.2021. The provisions of the Act have thus been duly complied with.

g. The Company is conducting reconciliation of the supplier ledgers. However the balance relating to old periods cannot be reconciled due to the non-availability of records in this regard.

h. Noted. However, the Company is maintaining the particulars of additions in proper form.

i. Noted and efforts will accordingly be made.

j. The company is having inventories that are fast moving and there is hardly any chance that the inventories which were present in the date of price change are remaining in stock on 31.03.2022.

k. The Company has accounted Rs 7.50 crores during the current year by crediting the employee benefits expenses/other comprehensive expense and debiting respective asset and liability accounts as applicable, without restating the earlier year figures since the year-wise details of differences are not available. Also, company has started the practice of taking actuarial valuation from professional actuary only from FY 2019-20. Before it was done based on statements given by LIC.

l. The Company will do the reconciliation of the number of employees and the impact of pay revision from the next year. Since Abkari workers are covered under Abkari Workers Welfare Fund and the Gratuity of the workers are discharged from the fund, we have not made an actuarial valuation for the same.

m. The Company is of the opinion that same is covered under the clause (20) of objective clause of MOA of the company. Regarding compliance of Sections 186 of the Companies Act, 2013 read with Notification issued vide G S R 463(E) dated 05-06-2015 with respect to the loans granted/renewed during the year, same is noted for future compliance.

n. Noted. The Company is doing Ind AS valuation of Security Deposits. In any case, the amount involved is not significant.

o. Majority of the suppliers of the Corporation are continuing ones and they continuously supply the products to the Corporation and their ledger accounts are running in nature. Moreover, unlike the usual business practice, the Corporation makes payments to the suppliers based on sales and not based on purchase invoice. Therefore it is not practically possible to take ageing of suppliers and hence the same has not been done.

p. This has been explained in reply to comment of Para (k) above. The Company feels that the loss figure is shown correctly.

30 INDUSTRIAL AND LABOUR RELATIONS

Industrial and Labour Relation continued to be cordial throughout the year. As per Government Order an ex-gratia and performance incentive at the rate of 19.25% and 10.25% respectively subject to a maximum of Rs. 90,000/- was paid to the employees.

31 ACKNOWLEDGEMENT

Directors are extremely grateful to the Government of Kerala for the continued guidance and assistance to the Company.

Directors take this opportunity to place on record their appreciation for the support and co-operation extended by the various Departments of State Government, Central Government, Banks, etc.

Directors take this opportunity to acknowledge the sincere and continued co-operation extended by the Executives and Employees at all levels and the Trade Unions. Directors also thank the customers and suppliers for their continued co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-

21.02.2024 **YOGESH GUPTA IPS**

Thiruvananthapuram **CHAIRMAN & MANAGING DIRECTOR**

KRISHNAMOORTHY & KRISHNAMOORTHY
CHARTERED ACCOUNTANTS
PAN : AADFK0184C
BRANCHES AT: 2B, Aashiyana, Paliyam Road, Thrissur – 680001
105 Sindhu Baravi, Whitefield Main, Road, Bangalore – 560 066

Fax : 2371845
Phone : (D) 2371845
(O) 2363676
2374654
(R) 2362744
E-mail: info@kandkca.in

XXXIX/3217
PALIAM ROAD
COCHIN – 682 016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KERALA STATE BEVERAGES (MANUFACTURING & MARKETING) CORPORATION LIMITED

Report on the Audit of the financial statements

Qualified Opinion

We have audited the accompanying financial statements of **M/s. Kerala State Beverages (Manufacturing & Marketing) Corporation Limited** (the 'company'), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a Summary of Significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the basis for qualified opinion paragraph below, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

a. The company has not complied with the requirements of Ind AS 116 with respect to accounting and disclosure of Leases. Due to the non-availability of information the impact thereof on such application on the financial statement could not be ascertained.

b. The Company is not following the practice of derecognizing the property, plant and equipment lost due to fire, theft or flood at shops or warehouses. The insurance claim received towards the same is booked in profit and loss account in the year of receipt. Since, details of the property, plant and equipment lost is not readily available with the company, impact due to non-derecognition of the property, plant and equipment on the depreciation expense, profit/loss on derecognition of asset and carrying value of property, plant and equipment could not be ascertained.

c. The company has not recognised provision for impairment of assets. As the basis for such conclusion has not been made available to us, we are unable to comment on the compliance with Ind AS 36 "Impairment of Assets" and its possible effect on the assets / liabilities, if any.

d. The company is following the practice of accounting loss of stock due to fire, theft or flood at shops or warehouses in the year of occurrence by treating the same as consumption and the insurance claim received against the same are accounted in the year of receipt. Since the details regarding the loss of stock as well as insurance claim lodged and its realisability are not readily available with the company, we are unable to comment/on the impact thereof on the financial statements.

e. Tax Deducted at Source, Tax Collection at Source, Goods and Services Tax, and TDS on GST and Provident Fund collected and its remittance as per books of accounts is not reconciled with the respective returns filed. Pending such reconciliation, the impact, if any, on the financial statement is not ascertainable.

f. The Company had availed loans from Canara Bank (Rs. 750 Crores) and Federal Bank (Rs. 250 Crores) and granted an Inter-corporate loan to KSSPL (Rs. 1000 Crores) based on Circular Resolutions dated 18.02.2021 passed by the Board. The circular resolution was confirmed by the board only on its meeting held on 23.07.2021. Section 118(10) of the Act read with Secretarial Standards – 1 Specifically prohibits passing a Circular Resolution for transaction by means of 'Borrowing money otherwise than by issue of debentures' and 'Granting loans or giving guarantee or providing security in respect of loans'. Thus, the loan availed and granted by the company are not in accordance with the provisions of the Companies Act, 2013 for the period until the confirmation of circular resolution by the board on 23.07.2021.

g. Amount of trade payable as stated in Note No. 24, EMD & Security Deposit as stated in Note No. 25 and Excise Duty Retained from Suppliers as stated in Note No. 26 of financial statements are subject to confirmation and reconciliation. Pending such confirmation/reconciliation, the impact thereof on the financial statements is not ascertainable.

h. The company has not classified its Property, Plant and Equipment as per the requirement in Division II - Ind AS Schedule III to the Companies Act 2013. Since the original cost/deemed cost of these items are not readily available with the company, disclosure of gross block and accumulated depreciation of the Property, Plant and Equipment is not in accordance with the requirement of schedule III.

i. The company has not maintained proper records showing full particulars of property, plant and equipment including itemized details of fixed assets. The Company calculates the depreciation by applying the rate of depreciation on the opening written down value of each class of property, plant and equipment. Since the item wise details of property, plant and equipment are not available, impact thereof on the depreciation expense and carrying value of property plant and equipment could not ascertained.

j. The company measures its closing inventory at the landed cost as published in the latest price list, which was last revised on 01.02.2021. Consequently, the opening and closing inventory, including the stock purchased prior to the rate revision, is valued at the rate as per the latest price list. This is not in line with the accounting policy followed by the company. Due to the non-availability of information, the impact thereof on such valuation on the financial statement could not be ascertained.

k. During the previous year, the net balance of Gratuity and Leave encashment funded was in excess by Rs.13.37 crores (Gratuity funded in excess by Rs. 16.70 crores and leave encashment short-funded by Rs. 3.33 Crores) as per the actuarial valuation report. However, only Rs. 5.87 Crores were recognized in the books of accounts. The understatement of net assets of Rs. 7.50 crores is accounted for during the current year by crediting the employee benefits expenses/other comprehensive expense and debiting respective asset and liability accounts as applicable, without restating the earlier year figures since the year-wise details of differences are not available. This has resulted in an understatement of Employee benefits expense, other comprehensive expense and Loss for the current year by Rs. 7.50 crores and understatement of opening “Other equity” (Rs. 7.50 crores) and corresponding opening “Net defined benefit asset” (Rs. 10.83 crores) and opening “Provision for compensated absences” (Rs. 3.33 crores).

l. The number of employees as per actuarial valuation report and the actual number of employees as on 31.3.2022 could not be reconciled. Additionally, the company has not considered the effect of salary revision when providing the data to actuary. Further, actuarial valuation does not include Abkari Workers employed by the company. The amount contributed to the Abkari

Workers Welfare Fund is charged off to the Profit and Loss Account. In the absence of adequate information, the impact of the above on the Provisions for Gratuity and Leave Encashment, Employee benefits expense and Other Comprehensive income could not be quantified.

m. We refer to Note no. 23 and Note no. 17 to the financial statements regarding the borrowings of the company from commercial banks as per the directions of the Government of Kerala vide a government order to mobilise funds for providing intercorporate loans to Kerala Social Security Pension Limited (Rs. 1000 crores). We are of the opinion that such granting of loan is not in accordance with the object clause as specified in the Memorandum of Association of the company. Also, the company has not complied with the provisions of Sections 186 of the Companies Act, 2013 read with Notification issued vide G.S.R 463(E) dated. 05-06-2015 with respect to the loans granted/renewed during the year.

n. In the absence of the details relating to the security deposit paid by the company (Note no. 9), we are unable to comment on the compliance of Ind AS 109 “Financial Instruments" with respect to fair valuation of Security Deposit paid.

o. The company has not disclosed ageing schedule with respect to the trade payables due for payment as per the requirement in Division II - Ind AS Schedule III to the Companies Act 2013.

p. The impact of the matters listed in paragraph k above has resulted in the understatement of the Loss for the year by Rs. 7.50 crores. Accordingly, in the Statement of Profit and Loss, Loss for the year and Total Comprehensive expense for the year ought to have been Rs. 26.16 crores as against the currently reported loss of Rs. 18.66 crores. The basic and diluted EPS for the year ought to have been Rs.-5232. In the absence of adequate information, the impact of the matters listed in other Paras under Basis of qualified opinion on the Loss for the year of the company and on the items disclosed in the Balance Sheet of the Company is unascertainable and hence not quantified.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Other information

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual Report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" *a* statement on the matters specified in paragraphs 3 and 4 of the Order.;
2. As required by section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for matters described in Basis for Qualified Opinion paragraph above;

b) Except for the matter described in the basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Financial Statements dealt with by this report are in agreement with the books of account;

d) Except for the effects of the matter described in the basis for qualified opinion paragraph above and paragraph (xiii) of Annexure 1 to the audit report, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) Being a Government Company and pursuant to Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of sub-section (2) of Section 164 of the Act, are not applicable to the company;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2" to this report;

g) Being a government company and pursuant to Notification No. GSR 463 (E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of section 197 of the Act, with respect to the matters to be included in the auditor’s report is not applicable.

h) With respect to other matters to be included in the Auditors Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note 38 to the financial statements);

   (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.;

(iii) No amount is required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The final dividend paid by the Company during the year in respect of the same declared for the financial year 2017-18 is in accordance with section 123 of the Act to the extent it applies to payment of dividend except that the amount of the dividend was not deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend.

The Board of Directors of the Company have declared during the year the final dividend for the financial year 2018-19. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend except that the amount of the dividend was not deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend.

(v) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2022.

3. As required by section 143(5) of the Act, our comments in regard to the directions and sub-directions issued by the Comptroller and Auditor General of India are given in Annexure III.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN: 001488S)

(Sd/-)
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Place: Thiruvananthapuram
Date: 21.02.2024

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Annexure 1: Referred to in paragraph (1) of "Report on other legal and regulatory requirements" of our report of even date of the Company on the Ind AS Financial Statements for the year ended 31st March 2022.

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(i) (a) (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company is not following the practice of physical verification of fixed assets on a regular basis and hence identification of discrepancies is not possible.

(c) According to the information and explanations given to us and the records of the Company examined by us, subject to note no. 12.1 of the financial statement, the title deeds of immovable properties are held in the name of the company.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the period.

(e) No proceedings have been initiated during the period or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) Physical verification of inventory has been conducted at reasonable intervals by management. In our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks on the basis of security of current assets. The company is not required to file quarterly returns/statements with such banks. Workings capital loans/Overdraft availed by the company are partially secured against fixed deposits.

(iii) (a) The Company has provided/renewed loans during the year, details of which are given below. The company has not made investments in, provided any guarantee or security or granted advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year.

Particulars	Loans (Rs. in Crores)
Aggregate amount granted or provided or renewed during the year:	
To parties other than subsidiaries, joint ventures and associates	1000
Balance outstanding as at balance sheet date in respect of above cases	
To parties other than subsidiaries, joint venture and associates	1000

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions of loan granted/renewed by the company to Kerala Social Security Pension Limited (Loan renewed during the year Rs. 1000 crores and balance outstanding as at 31.3.2022 is Rs. 1000 crores) is prejudicial to the company's interest on account of the fact that the loan was provided without obtaining requisite approvals as required under section 186 of the Companies Act 2013 read with Notification issued vide G.S.R 463(E) dated. 05-06-2015. Also, we refer to our qualifications in para (f) and (m) of basis for qualified opinion section of our report regarding other non-compliances.

(c) In respect of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for instances as given below:

<table>
<tr><th>Name of the Entity</th><th>Amount (Rs. In Crores)</th><th>Due date</th><th>Date of payment</th><th>Extent of delay (in days)</th><th>Remarks, if any</th></tr>
<tr><td rowspan="2">Kerala Social Security Pension Limited</td><td>6.71</td><td>24-07-2021</td><td>27-07-2021</td><td>3</td><td rowspan="5">Interest payments</td></tr>
<tr><td>6.71</td><td>24-10-2021</td><td>25-10-2021</td><td>1</td></tr>
<tr><td rowspan="3">Rehabilitation Plantation Limited</td><td>0.09</td><td>31-03-2020</td><td colspan="2" rowspan="3">Not yet paid</td></tr>
<tr><td>0.42</td><td>31-03-2021</td></tr>
<tr><td>0.42</td><td>31-03-2022</td></tr>
</table>

(d) According to the information and explanations given to us, the total amount which is overdue for more than 90 days in respect of loans given by the Company aggregates to Rs 0.51 crores (being interest) as at 31st March 2022, Further, reasonable steps are being taken by the company for recovery of such interest amounts overdue.

(e) The company has renewed or extended the loan which has fallen due during the year and details of which are given below:

Name of the parties	**Aggregate amount of loans or advances in the nature of loans granted during the year**	**Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties**	**Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year**
Kerala Social Security Pension Limited	-	1000 crore	-

(f) Based on the information and explanations given to us, the company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) The company has not complied with the provisions of Sections 186 of the Companies Act, 2013 read with Notification issued vide G.S.R 463(E) dated. 05-06-2015 with respect to the loans granted/renewed to Kerala Social Security Pension Limited during the year. The company has not made any investment or given any guarantees or security for which the provisions of section 185 and 186 of the Companies Act 2013 are applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under sub- section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

(vii) In respect of statutory dues

(a) Subject to our qualification in para (e) of basis for qualified opinion section of our report, in our opinion and according to the information and explanations given to us, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess have not generally been regularly deposited by the company with the appropriate authorities during the year. As on 31.03.2022, Rs. 0.48 crores payable towards Provident Fund, Rs. 0.01 crores payable towards Abkari Workers Welfare Fund, Rs. 0.05 crores payable towards TDS liability, Rs. 0.41 Crores towards TCS liability, Rs. 0.10 crores payable towards dividend tax and Rs.0.02 Crores payable towards service tax have remained outstanding for a period of more than six months from the date they become payable.

(b) Based on information and explanations provided by the company, dues outstanding in respect of statutory dues referred to in sub-clause (a), which have not been deposited on account of any dispute are as follows:

Sl. No.	Financial Year	Nature of Due	Disputed Amount (in Rs. Crores)	Disputed Forum
1	2011-12	Income Tax	1.58	CIT (A)
2	2013-14	Income Tax	0.02	CIT (A)
3	2014-15	Income Tax	7.61	CIT (A)
4	01.07.2003 to 31.03.2006 & 01.04.2006 to 31.03.2007	Service Tax Demand	378.35	Supreme Court
5	01.04.2007 to 30.09.2007, 01.10.2007 to 31.03.2008 & 01.04.2006 to 31.03.2007	Service Tax Demand	82.87	Supreme Court
6	2012-13	Service Tax Demand	0.03	Commissioner (Appeals), Central Taxes & Central Excise, Cochin
7	2013-14	Service Tax Demand	0.05	Commissioner (Appeals), Central Taxes & Central Excise, Cochin

8	2014-15	Service Tax Demand	0.08	Commissioner (Appeals), Central Taxes & Central Excise, Cochin
9	2015-16	Service Tax Demand	0.03	CESTAT
10	2016-17	Service Tax Demand	0.05	Commissioner (Appeals II), Central Taxes & Central Excise, Cochin
11	2016-17	Service Tax Demand	0.07	Commissioner (Appeals II), Central Taxes & Central Excise, Cochin
12	Jul 2017-Dec 2019	GST	9.32	Company is in the process of filing appeal, time limit to file appeal has not expired.
13	AY 2015-16 to 2017-18	Kerala General Sales Tax	515.67	Joint Commissioner (Appeals)
14	2001-05	Provident Fund	3.66 (Net of 3.66 deposited)	High Court of Kerala
15	2006	Provident Fund	2.74 (Net of 0.91 deposited)	High Court of Kerala
16	2005-11	Provident Fund	0.94 (Net of 0.62 deposited)	High Court of Kerala
17	2007-14	Provident Fund	19.77 (Net of 0.5 deposited)	High Court of Kerala
18	April 2009 to March 2014	ESI	0.36	Employees Insurance Court

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) During the year, the Company has not availed any term loan and hence reporting on clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company except for the working capital loans availed from commercial banks as per the directions of the Government of Kerala to mobilise funds for providing intercorporate loans to Kerala Social Security Pension Limited (Rs. 1000 crores).

(e) The company is not having any subsidiary, associate and joint ventures and hence reporting on clause 3(ix)(e) of the Order is not applicable.

(f) The company is not having any subsidiary, associate and joint ventures and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on the information provided to us by the company, no fraud by the Company and no material fraud on the Company has been noticed or reported during the period.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on information provided to us by the company, the company has not received any whistle blower complaints during the period and hence reporting under clause 3(xi)(c) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) (a), (b) and (c) of the Order is not applicable.

(xiii) Based on the information and explanation given to us, all the transactions with the related parties are in compliance with sections 177 and 188 of the companies act, 2013, to the extent applicable to the Government company. The details have been disclosed in the financial statements etc., as required by the applicable accounting standards, except for the disclosure of M/s Travancore Sugars & Chemicals Limited and M/s Malabar Distilleries Limited as related parties, along with transactions with them, despite the fact that these entities and the company share common key management personnel.

(xiv) (a) In our opinion, the scope of internal audit system carried out by the company need to be enlarged to be commensurate with the size of the Company and nature of its business

(b) We have considered the internal audit reports of the Company for the period under audit.

(xv) During the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a) and (b) of the Order is not applicable.

(b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(c) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) Company has incurred cash loss of Rs. 8.24 crores and Rs. 277.06 crores during the current year and previous year respectively.

(xviii) There has been no resignation of the statutory auditors of the company during the period.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring transfer to a Special Account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN: 001488S)

(Sd/-)
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Thiruvananthapuram
Date: 21.02.2024

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Kerala State Beverages (Manufacturing & Marketing) Corporation Limited (the company) as of 31st March 2022 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on audit of internal financial controls over financial reporting (the Guidance Note) and the standards on auditing, issued by ICAI and deemed to be prescribed under Section143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain Audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error,

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial control systems over financial reporting with reference to these financial statements.

Meaning of internal financial controls over financial reporting

A company’s internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairy reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding the prevention or timely deduction of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion of improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over the financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis of Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2022.

The company did not have an appropriate internal control over financial reporting for;

a) ensuring compliance with the applicable accounting standards, with regard to establishing a process of periodic verification of property, plant and equipment and reconciling the same with the fixed asset register and books of account; validating the correctness of classification of the Property, Plant and Equipment.

b) The Company's process of evaluating completeness and accuracy of transactions relating to impairment and derecognition of Property, Plant and Equipment based on the periodic verification and technical evaluations.

c) The internal financial controls prescribed over the accounting and reconciling bank transactions are not operating effectively, which could potentially result in incorrect accounting and reporting of bank transactions and balances;

d) The Company's information system's inadequacy to ensure transaction-level and account balance level assertions of accuracy, classification, cut-off, completeness, existence, and valuation of the financial transactions recorded in revenue, employee cost, inventory management and financial accounting system.

e) The internal control regarding review of long pending Advances, Deposits and Trade payables needs further strengthening.

f) The Company does not have a system of maintenance and reconciliation of tax deducted at source, tax collection at source and GST.

g) The Company has not established a proper system for the remittance of Provident Fund contribution of employees on a timely basis.

h) The Company's system of assessing actuarial valuation of terminal benefits of employees are not operating effectively and has resulted in deviations in assessing the liabilities.

i) The Company's system for recognition of deferred tax is not operating effectively.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31st, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31st March 2022, and these material weaknesses do not affect our opinion on the financial statements of the Company.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN: 001488S)

(Sd/-)
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Thiruvananthapuram
Date: 21.02.2024

ANNEXURE – 3 TO THE INDEPENDENT AUDITOR'S REPORT

Replies to Directions from Comptroller & Auditor General of India under section 143(5) of the Companies Act, 2013

Directions under Section 143(5) of the Companies Act, 2013	Report	Action Taken	Impact in accounts and Financial Statements
1) Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any	No. The company does not have a system in place to process all the accounting transactions through IT system. All accounting transactions are processed manually and incorporated into Tally software for preparation of books of accounts.	_	Since there is no system in place to process all accounting transactions through IT system, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications does not arise.
2) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact.	No such cases	_	NIL
3) Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/utilised as per its term and condition? List the cases of deviation	No such cases	_	NIL

4) Whether the Company has an effective system for recovery of dues in respect of sales activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?	The Company does not have the practice of supply of goods on credit basis. Hence, the effective system for recovery of dues in respect of sales activities does not arise.	–	NA
5) Whether the Company has an effective system for physical verification, valuation of stock, treatment of non-moving items and accounting the effect of shortage/ excess noticed during physical verification.	The corporation has a set of system for physical verification of Liquor of all its FL 9 Warehouse and FL 1 shops. Stock verification at the FL 9 warehouses and FL 1 Shops are conducted twice in a financial year. Also, Company has laid down proper procedures to account the non-moving items, accounting the effect of shortage / excess noticed during physical verification.	Corporation is conducting half yearly physical verification of stocks in all our units.	NIL
6) The effectiveness of the system followed in recovery of dues in respect of sales activities.	The Company follows the sales on cash basis. There are no dues in respect of sales activities then and thereby	NA	NIL

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN: 001488S)

(Sd/-)
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Thiruvananthapuram
Date: 21.02.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

BALANCE SHEET AS AT MARCH 31ST, 2022

(₹ in crores)

Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	35.91	17.49
(b) Capital work-in-progress	6	2.07	25.26
(c) Other Intangible assets	5	2.42	-
(d) Intangible assets under development	7	-	0.76
(e) Financial Assets			
(i) Investments	8	5.36	6.11
(ii) Other financial assets	9	3.73	3.96
(f) Non-current tax assets (net)	10	656.81	965.72
(g) Deferred Tax Assets (net)	11	42.81	47.78
(h) Other non-current assets	12	29.78	30.44
		778.89	**1,097.52**
Current assets			
(a) Inventories	13	422.79	460.50
(b) Financial Assets			
(i) Cash and cash equivalents	14	138.84	203.96
(ii) Bank balances other than (i) above	15	361.14	543.87
(iii) Loans	16	1,005.05	1,005.29
(iv) Other financial assets	17	20.60	29.92
(c) Other current assets	18	98.77	109.71
		2,047.19	**2,353.25**
Total Assets		**2,826.08**	**3,450.77**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	19	5.00	5.00
(b) Other Equity	20	774.09	802.75
		779.09	**807.75**
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	21	1.25	1.25
(b) Provisions	22	7.31	-
Current Liabilities		**8.56**	**1.25**
(a) Financial Liabilities			
(i) Borrowings	23	1,300.00	1,000.00
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	24	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		388.74	372.53
(iii) Other financial liabilities	25	136.75	138.87
(b) Other current liabilities	26	212.94	1,130.37
		2,038.43	**2,641.77**
Total Equity and Liabilities		**2,826.08**	**3,450.77**

The accompanying note nos. 1 to 48 form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN No. 001488S)

Sd/-
Yogesh Gupta IPS
Chairman & Managing Director
DIN: 01299829

Sd/-
Anoop Sathyapalan
Director
DIN: 03399884

Sd/-
Pramod M. V.
Director
DIN: 10264341

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Sd/-
Abhilash C. U.
Company Secretary
M. No. A53689

Place: Thiruvananthapuram
Date: 21.02.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2022

(₹ in crores)

Particulars	Note No.	For the year ended 31.03.2022	For the year ended 31.03.2021
Income			
Revenue from operations (including excise duty)	27	4,547.21	4,074.78
Other Income	28	153.21	171.02
Total Income		**4,700.42**	**4,245.80**
Expenses			
Purchase of Stock-in-Trade	29	1,615.84	1,492.62
Changes in inventories	30	37.44	-24.16
Excise duty expenses		1,811.85	1,813.15
Import duty expenses		10.49	8.01
Employees benefits expense	31	231.36	233.76
Finance costs	32	89.72	110.15
Depreciation and amortisation expense	33	10.42	3.76
Other expenses	34	902.76	902.86
Total Expenses		**4,709.88**	**4,540.15**
Profit/(Loss) before tax		**-9.46**	**-294.35**
Tax Expense			
Current Tax		4.22	-
Tax for earlier years		-	26.04
Deferred Tax		4.98	-39.57
		9.20	**-13.53**
Profit/(Loss) for the year		**(18.66)**	**(280.82)**
Other comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		-	-11.51
Income tax relating to items that will not be reclassified to statement of profit or loss		-	2.90
Total other comprehensive income for the year		**-**	**-8.61**
Total Comprehensive Income for the year		**(18.66)**	**(289.43)**
Earnings per equity share of Rs. 1000 each			
Basic and Diluted EPS (Rs.)	35	(3,732)	(56,164)

The accompanying note nos. 1 to 48 form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN No. 001488S)

Sd/-
Yogesh Gupta IPS
Chairman & Managing Director
DIN: 01299829

Sd/-
Anoop Sathyapalan
Director
DIN: 03399884

Sd/-
Pramod M. V.
Director
DIN: 10264341

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Sd/-
Abhilash C. U.
Company Secretary
M. No. A53689

Place: Kochi
Date: 19.09.2023

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31ST, 2022

(₹ in crores)

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Cash Flow From Operating Activities		
Profit before tax	-9.46	-294.35
Adjustments for:		
Depreciation and amortisation expense	10.42	3.76
Provision for Receivables write off	1.38	1.34
Fair Value changes of investments considered to profit and loss	0.75	1.11
Interest received	-28.91	-65.18
Interest paid	89.72	110.15
	63.90	-243.17
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	0.65	5.05
(Increase)/ decrease in inventories	37.71	-24.01
(Increase)/ decrease in Other assets	319.11	19.22
Increase/ (decrease) in provisions and other liabilities	-913.83	380.02
Increase/ (decrease) in trade payables	16.21	-22.35
Cash generated from operations	-476.25	114.76
Less : Income taxes paid (net of refunds)	-4.22	-26.04
Net cash from/ (used in) operating activities (A)	**-480.47**	**88.72**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	-7.47	-26.81
Sale proceeds of PPE (including changes in CWIP)	-	-
(Investments in)/ Maturity of fixed deposits with banks	182.73	563.63
Interest income	38.05	87.36
Net cash from/ (used in) investing activities (B)	**213.31**	**624.18**

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Cash Flows From Financing Activities		
Proceeds/(Repayment) of short term borrowings	-50.00	-500.00
Dividend on equity shares	-10.00	-10.00
Interest and other borrowing costs	-87.96	-112.73
Net cash from/ (used in) financing activities (C)	**-147.96**	**-622.73**
Net increase (decrease) in cash and cash equivalents (A+B+C)	**-415.12**	**90.17**
Cash and cash equivalents at the beginning of the financial year	203.96	113.79
Cash and cash equivalents at end of the year	-211.16	203.96

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".

2. Components of cash and cash equivalents: Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.		
Cash on hand	39.8	54.17
Balances with banks:		
(i) In current accounts	61.32	99.75
(ii) In Treasury savings accounts	18.11	16.38
(iii) Term deposits with original maturity of less than three months	17.79	30.03
(iv) Funds in Transit	2.54	3.63
	138.84	**203.96**
Less: Bank overdraft used for cash management purposes	-350.00	-
Cash and cash equivalents in the statement of cash flows	**-211.16**	**203.96**

The accompanying note nos. 1 to 48 form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN No. 001488S)

Sd/-
Yogesh Gupta IPS
Chairman & Managing Director
DIN: 01299829

Sd/-
Anoop Sathyapalan
Director
DIN: 03399884

Sd/-
Pramod M. V.
Director
DIN: 10264341

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Sd/-
Abhilash C. U.
Company Secretary
M. No. A53689

Place: Thiruvananthapuram
Date: 21.02.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31ST, 2022

(₹ in crores)

A. Equity Share Capital

As at 01.04.2021	Changes in equity share capital during the year	As at 31.03.2022
5.00	-	5.00
As at 01.04.2020	**Changes in equity share capital during the year**	**As at 31.03.2021**
5.00	-	5.00

B. Other Equity *₹ in Crores*

	General Reserve	Other comprehensive income	Retained Earning	Total
Balance as at April 1, 2020	191.21	5.16	905.81	1,102.18
Profit/(Loss) for the year	-	-	-280.82	-280.82
Add other comprehensive income for the year	-	-8.61	-	-8.61
Less: Dividends	-	-	-10.00	-10.00
Balance as at March 31st 2021	**191.21**	**-3.45**	**614.99**	**802.75**
Profit/(Loss) for the year	-	-	-18.66	-18.66
Add other comprehensive income for the year	-	-	-	-
Less Dividends	-	-	-10.00	-10.00
Balance as at March 31st 2022	**191.21**	**-3.45**	**586.33**	**774.09**

The accompanying note nos. 1 to 48 form an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN No. 001488S)

Sd/-
Yogesh Gupta IPS
Chairman & Managing Director
DIN: 01299829

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

Sd/-
Anoop Sathyapalan
Director
DIN: 03399884

Sd/-
Pramod M. V.
Director
DIN: 10264341

Sd/-
Abhilash C. U.
Company Secretary
M. No. A53689

Place: Thiruvananthapuram
Date: 21.02.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

CORPORATE OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited ("the company") was incorporated on February 23, 1984 as a wholly owned State Government company. The Company is domiciled in India and having registered office at Bevco Tower, Palayam, Thiruvananthapuram - 695033. The Company is engaged in purchase and sale/distribution of Indian made foreign liquor (IMFL), Beer, Wine, foreign made foreign liquor (FMFL) and foreign made wine (FMW) in the state of Kerala. The Ind AS financial statements for the year ended March 31, 2022 were approved by the Board of Directors on February 21, 2024.

2. Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time. The company has prepared the financial statements to comply in all material aspects with Indian Accounting Standards (Ind AS) and the relevant provisions of the Companies Act, 2013 besides the pronouncements/ guidelines of the Institute of Chartered Accountants of India. The financial statements have been prepared on an accrual basis.

The financial statements of the Company have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.1 Application of New Accounting Pronouncements

New Accounting standards, amendments and interpretations adopted by the Company effective from April 1, 2021:

a. Amendment to Ind AS 116 – Covid – 19 – Related Rent Concessions

The economic challenges presented by the COVID-19 pandemic have persisted longer than anticipated, and therefore the practical expedient relating to rent concessions arising as a consequence of COVID-19 has been modified. Accordingly, lessees are now exempted from assessing whether a COVID-19-related rent concession is a lease modification, if the reduction in lease payments affects only payments originally due on or before June 30, 2022. Earlier the practical expedient was allowed only for lease payments originally due on or before June 30, 2021.

b. Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116 – Interest Rate Benchmark Reform – Phase 2

This amendment relates to 'Interest Rate Benchmark Reform – Phase 2 (Amendments to Ind AS 104, Ind AS 107, Ind AS 109 and Ind AS 116)' which addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Some of the key amendments arising from the interest rate benchmark are: Ind AS 109: New guidance has been included on changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform. Ind AS 107: Additional disclosures related to nature and extent of risks to which the entity is exposed from financial instruments subject to interest rate benchmark reform and how the entity manages these risks. The adoption of these amendments did not have any material impact on the financial statements.

c. Amendments to Ind AS consequential to Conceptual Framework under Ind AS

The amendments relating to Ind AS 102, Share-based Payment; Ind AS 103, Business Combinations; Ind AS 106, Exploration for and Evaluation of Mineral Resources; Ind AS 114, Regulatory Deferral Accounts; Ind AS 1, Presentation of Financial Statements; Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors; Ind AS 34, Interim Financial Reporting; Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets; Ind AS 38, Intangible Assets, are consequential due to changes in the Conceptual Framework under Ind AS, made in August 2020. The revised Conceptual Framework introduced some new concepts and clarifications along with revision in definitions and changes in recognition criteria of assets and liabilities under Ind AS. The adoption of these amendments did not have any material impact on the financial statements.

Schedule III Amendment applicable from April 1, 2021: On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements are as follows

(a) Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of the asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology

(b) Employee Benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations.

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions. Where, in spite of best efforts, a reliable basis for fair value cannot be obtained, the carrying amount is substituted as fair value.

(d) Taxes

Income tax, GST and other applicable taxes are computed and paid as per the law for the time being in force. Impact of decisions of Supreme Court and jurisdictional appellate bodies to the extent possible are considered above. Advance rulings sought by third parties are by and large not binding on the company as facts may differ.

3. Significant Accounting Policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability;

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(c) Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when

(a) the risk and rewards of ownership is transferred to the buyer

(b) neither continuing managerial involvement nor effective control

(c) probable future economic benefits

(d) reliable measurement of revenue

(e) reliable measurement of cost

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and discount. When the inflow of cash is deffered, fair value can be less than the nominal account of cash. Under an effective financing transaction, the fair value of consideration is determined by discounting all future receipts using an imputed rate of interest.

Interest Income

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

Dividend expense

Final Dividend on shares is recorded as a liability on the date of approval by the shareholders.

(d) Property, plant and equipment and capital work in progress

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebate less accumulated depreciation and impairment loss, if any, such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

An asset is treated as Impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to profit and loss Account in the year in which an asset is identified as impaired.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(e) Depreciation on property, plant and equipment

Depreciation is provided on the basis of useful life of the asset as prescribed in schedule II of the Companies Act 2013. The company continues the policy of fully writing off minor assets having a gross value of less than rupees five thousand per unit in the year of purchase. Depreciation has been provided on WDV method for all depreciable assets so as to write off the cost of the assets after retaining residual value of not more than 5% of cost, over the useful life of the respective assets as prescribed in the Act.

Depreciation on additions to fixed assets and sale of fixed assets are provided on pro-rata basis.

The useful lives considered for depreciation of fixed assets are as follows:

Assets Category	Estimated useful life (in years)
Buildings	60
Furniture and fixtures	10
Office equipment	5
Electrical Fittings	5
Vehicles	8
Computers	
Servers & Networks	6
End user devices	3
Plant & Machinery	15

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Intangible assets and Intangible asset under development

1. The company accounts the intangible assets as under –

i. Intangible assets acquired separately:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

ii. Derecognition of Intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

iii. Amortisation of Intangible Assets

Amortisation is recognised on WDV method over their estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis. Cost of software treated as intangible assets is amortised under WDV method over a period of 5 years.

2. Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as “Intangible Assets under Development” till such assets are ready for their intended use.

(g) Inventories

Stock of IMFL and Beer is valued at lower cost and net realisable value. The cost is computed on FIFO basis. Stock of Holographic Security Labels are valued at cost. The stock of IMFL and Beer stated above does not include the cost of Dead Stock (Obsolete, defective and unserviceable stock)

(h) Foreign currency transactions and translations

The Company’s financial statements are presented in INR, which is also the Company’s functional currency.

(i) Taxes

Current income tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(j) Retirement and other employee benefits

The contributions of the company towards Employees Provident Fund and Superannuation Fund are being charged to revenue. Payments for the funded schemes applicable to the regular employees of the Company for the gratuity and leave encashment are based on the amounts as determined by the independent actuarial valuation carried out at the end of the year. Contributions applicable to the employees on deputation are charged to revenue as and when it is paid to the respective parent department.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(k) Leases

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

As a lessee:

The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assess.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a lessor:

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(m) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

Contingent liabilities are not provided for in the books of accounts. Contingent liabilities are estimated, have been disclosed by way of notes on forming part of accounts

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

(n) Financial Instruments

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The Company classifies a debt instrument as at amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

The Company classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are debt Instruments and are measured at FVTOCI

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- **Debt instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instrument; on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(p) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(q) Liability due from Staff on account of shortage in Stock/Cash

Liabilities due and recovered from employees of Warehouses and Shops on account of shortage in stock/cash are accounted on cash basis.

(r) Loss on account of fire, theft etc.

Loss of cash and stock due to theft and fire are recognised/debited to the Profit & Loss Account in the year of loss. Insurance claim on account of theft, fire etc. are accounted on cash basis as and when claims are received.

3.1 Recent accounting pronouncements - Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Amendments to Ind AS 103 – Business Combinations – Reference to Conceptual Framework

The amendments specifies that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The adoption of amendments to Ind AS 103 is not expected to have any impact on the financial statements.

Amendments to Ind AS 16 – Property, Plant and Equipment – Proceeds before intended use

The amendments clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The adoption of amendments to Ind AS 16 is not expected to have any material impact on the financial statements.

Amendments to Ind AS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Amendments to Ind AS 109 – Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

(₹ in crores)

4. Property, Plant and Equipment

Particulars	Gross carrying amount				Depreciation				Net carrying Value
	As at 01.04.2021	Additions	Sales/ Adjustments	As at 01.04.2022	As at 01.04.2021	For the year	Sales/ Adjustments	As at 31.03.2022	As at 31.03.2022
Freehold Land	2.84	-	-	2.84	-	-	-	-	2.84
Building	11.03	-	-	11.03	2.30	0.42	-	2.72	8.31
Furniture & Fittings	5.93	0.82	-	6.75	3.71	0.63	-	4.34	2.41
Electrical Fittings	2.97	0.18	0.01	3.14	2.13	0.18	0.01	2.30	0.84
Office Equipments	10.80	26.64	-	37.44	8.14	8.10	-	16.24	21.20
Vehicles	1.22	0.18	-	1.40	1.02	0.07	-	1.09	0.31
	34.79	**27.82**	**0.01**	**62.60**	**17.31**	**9.40**	**0.01**	**26.69**	**35.91**

Particulars	Gross carrying amount				Depreciation				Net carrying Value
	As at 01.04.2020	Additions	Sales/ Adjustments	As at 01.04.2021	As at 01.04.2020	For the year	Sales/ Adjustments	As at 31.03.2021	As at 31.03.2021
Freehold Land	2.84	-	-	2.84	-	-	-	-	**2.84**
Building	11.03	-	-	11.03	1.86	0.45	-	2.30	**8.73**
Furniture & Fittings	5.68	0.25	-	5.93	3.00	0.71	-	3.71	**2.22**
Electrical Fittings	2.91	0.06	-	2.97	1.88	0.25	-	2.13	**0.84**
Office Equipments	10.12	0.68	-	10.80	5.87	2.28	-	8.14	**2.66**
Vehicles	1.22	-	-	1.22	0.94	0.08	-	1.02	**0.21**
	33.81	**0.99**	**-**	**34.79**	**13.54**	**3.76**	**-**	**17.31**	**17.49**

5 Other Intangible assets

₹ in Crores

Particulars	Gross carrying amount				Amortisation				Net carrying Value
	As at 01.04.2021	Additions	Sales/ Adjustments	As at 01.04.2022	As at 01.04.2021	For the Year	Sales/ Adjustments	As at 31.03.2022	As at 31.03.2022
ERP Software	-	3.44	-	3.44	-	1.02	-	1.02	2.42
	-	**3.44**	**-**	**3.44**	**-**	**1.02**	**-**	**1.02**	**2.42**

6 Capital work-in-progress

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Capital work-in-progress (Refer note no. 6.1)	2.07	25.26
Total	**2.07**	**25.26**

6.1 Total expected project cost of ERP implementation and digitization of FL01 shops & warehouse is Rs. 41.10 crores. Tenders were floated for identifying suitable provider for development and implementation of ERP software and for procurement of hardware suitable for implementation of the same. However due to Covid 19 and related impacts the delivery/implementation was delayed. The hardware components received were kept at concerned shops. The project got implemented in a phased manner during FY 21-22 in FL01 shops.

As the first phase of ERP implementation the retail shops were brought into the ERP system. The billing software used for billing in the retail outlets is developed as a part of Liquor Supply Chain Management (LSCM) of ERP. LSCM is a major component of the ERP solution which encompasses all the activities right from procurement till final delivery of products. The billing operations at the retail outlets was implemented in 264 retail outlets and thus a sum of Rs.25.26 crores booked as capital work in progress during FY 20-21 were capitalized during the year. The cost of POS billing machines with respect to retail outlets pending implementation amounting to Rs.2.07 crores is shown as capital work in progress during FY 21-22. The software component of LSCM, amounting to Rs. 1.58 crores, has been capitalized as an Intangible Asset, which includes Rs. 0.76 crores recognized as Intangible assets under development during the financial year 2020-21.

6.2 Capital work-in-progress ageing schedule for the year ended March 31st, 2022

₹ in Crores

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2.07	-	-	-	2.07

6.3 Capital work-in-progress ageing schedule for the year ended March 31st, 2021

₹ in Crores

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	25.26	-	-	-	25.26

7 Intangible assets under development

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Intangible assets under development (Refer note no. 6.1)	-	0.76
Total	**-**	**0.76**

7.1 Intangible assets under development ageing schedule for the year ended March 31st, 2022

₹ in Crores

Particulars	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-

7.2 Intangible assets under development ageing schedule for the year ended March 31st, 2021

₹ in Crores

Particulars	Amount in IAUD for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	0.76	-	-	0.76

8 Non-current investments

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Unquoted investment in equity shares		
Financial instruments at FVTPL		
Investment in Kannur International Airport Ltd.	5.36	6.11
8,06,000 equity shares (March 31, 2021: 8,06,000 equity shares) of Rs. 100 each, fully paid up.		
Total	**5.36**	**6.11**

8.1 Total non-current investments

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate cost of unquoted investments	8.06	8.06
Aggregate amount of impairment in value of investments	2.70	1.95

8.2 Impairment in value of investments

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Balance	1.95	0.84
Add: Current year impairment in value of investments	0.75	1.11
Closing Balance	**2.70**	**1.95**

9 Other Financial Assets - Non Current

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Bank deposits with remaining maturity more than 12 months	-	0.38
Security deposits	3.73	3.58
Total	**3.73**	**3.96**

10 Non-current tax assets (net) ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Non-current tax assets (net) (Refer note no. 10.1)	656.81	965.72
Total	**656.81**	**965.72**

10.1 The income tax assets (net) represents the income tax refund receivable (net of provision for respective years) for the AY 2012-13 and AY 2015-16 to AY 2022-23.

10.2 The total demand involved for the 5 assessment years from 2014-15 to 2018-19 wherein applicability of Sec 40(a)(iib) was the subject matter and which were under dispute was Rs 2479.52 crores and against this, the Income Tax Department had appropriated from the bank accounts of the Company, through section 226 garnishee proceedings, an amount Rs 675.82 crores for AYs 2015-16 and AY 2016-17 in March 2019. An amount of Rs 339.31 crore was also paid to the income tax department for AYs 2017-18 and 2018-19 during 2019-20. Further, all the demands were challenged through Writ proceedings before Hon'ble High Court and granted stay for the balance amount involved. The Company has also filed a Writ Petition challenging the constitutional validity of the provisions in as much as it is discriminatory with respect to central PSUs and non-governmental entities. The appeals filed before the Hon'ble High Court for AY 2014-15 and 2015-16 were disposed off by holding that Surcharge on Sales Tax as well as Turnover Tax are not disallowable under Section 40(a) (iib) and that regarding license fee, kist and gallonage fee, only license fee and gallonage fee pertaining to FL9 license is liable to be disallowed under the section. As per the revised assessment order giving effect to the decision of Hon'ble High Court of Kerala, regular assessment tax recovered by the department were refunded to the tune of Rs.20.84 crores and Rs. 324.23 crores for AY 2014-15 and AY 2015-16 respectively. Against the Hon'ble High Court judgement, during 2020-2021, the income tax department has filed special leave petitions before Hon’ble Supreme court for AYs 2014-15 and 2015-16, Also, the Company has filed SLP for AY 2015-16 challenging disallowance of license fee and gallonage fee pertaining to FL9 (Warehouses).

"By a common order dated 03.01.2022, Hon'ble Supreme Court decided that Surcharge and Turnover Tax will not come under Sec.40(a)(iib) and Gallonage Fee, License Fee and Shop Rental (KIST) are subject to be disallowed. Giving effect to the order, the assessment orders were revised by the Assessing Officer wherein the Company has 'NIL' tax demand for the AY 2014-15, Rs.105.82 Crores for the AY 2015-16. Against the tax demand for AY 2015-16, the Company had made a payment of Rs.98.68 Crores and the balance was adjusted from the refund due for the AY 2021-22 & AY 2022-23. In line with the Apex Court order, the appeals filed for the AYs 2016-17 to 2018-19 before the CIT(A) were decided and the Assessing Officer passed giving effect orders on 28.06.2023 which resulted in a refund of Rs.480.29 Crores, Rs.207.22 Crores and Rs.197.47 Crores respectively. The refund for AY 2016-17 and AY 2018-19 were received in the bank accounts on 18.12.2023 and 15.12.2023 and for the AY 2017-18, the refund amount received in the bank account on 31.10.2023 was Rs.40.13 Crores and the balance amount of Rs.167.09 Crores was collected by the Income Tax Department as adjustment towards outstanding tax demand. Out of this, Rs.12.07 Crores was adjusted towards AY 2015-16 and Rs.155.02 Crores was adjusted towards AY 2016-17 and the company has raised a query with the income tax department to provide details of the balance refund adjusted.

Considering the Hon'ble Supreme Court judgement, the Company has made adequate provisions for the tax amount involved of respective AYs. Income tax refund receivable (net of provision for respective years) is disclosed under the head Non-current tax assets.

11 Deferred Tax Asset - Net ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Deferred Tax Liability	-	-
Deferred Tax Asset in relation to:		
Property, Plant and Equipment	(2.34)	2.28
Disallowance u/s 40(a)(ia)	0.03	0.03
Disallowances made u/s 43B of the Income Tax Act	0.07	0.06
Provison for Doubtful Advances suppliers	4.77	4.42
Unabsorbed Depreciation and carry forward loss	40.28	40.99
Total	**42.81**	**47.78**

12 Other non-current assets ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Unsecured, considered good		
Net defined benefit asset (Refer note 42)	15.81	5.88
Capital advances	0.05	-
Advance for purchase of land (Refer note 12.1)	4.00	4.00
Disputed PF deposit (Refer note 38.3 B)	5.69	5.69
Prepaid Rent	0.29	0.33
Prepaid expenses (Refer note 12.2)	3.94	14.54
Unsecured, considered doubtful		
Due from Govt. of Kerala for funds mobilised (Refer note 12.3)	2.77	2.77
Amount recoverable from employees (Refer note 12.4)	0.53	0.53
Less: Allowance for Doubtful advances	(3.30)	(3.30)
Total	**29.78**	**30.44**

12.1 As per Government Order (Rt) No. 259/2012/TD, dated 31-03-2012 an amount of Rs.4 crores was paid to CHICOPS for settling debts of Co-Operative Banks and in lieu of this the Government had ordered to allot land for the value. The valuation of land is obtained and the order is pending for execution.

12.2 Prepaid expenses consists of:

i. KIST and License Fee: The Company had remitted an excess amount of Rs.93.20 crores as KIST and License fee of FL 01 shops and FL 9 warehouses during earlier years. As per GO (Rt) No.106/2016/TD Dated 05/02/2016 and GO(Rt) No.176/2016/TD Dated 29/02/2016 Government of Kerala has permitted to adjust the excess amount remitted against future payments. Accordingly an amount of Rs.78.66 crores was adjusted up to 31/3/2022 as KIST, License Fee and interest on late payment of Differential excise duty and the balance amount to be adjusted amounts to Rs.14.54 crores as on 31.03.2022. Out of this an amount of Rs.11.03 crores in respect of next financial year is disclosed as prepaid expenses (Current) and the balance of Rs.3.51 Crores is shown under other non-current assets.

ii. AMC for ERP: Prepaid expense includes prepaid AMC relating to ERP project amounting to Rs.0.43 crores. As per the terms of agreement with M/s. E-Connect Solutions Pvt. Ltd, the total AMC cost is Rs.1.42 crores and the AMC would begin after the completion of warranty period. However, company has paid AMC in proportion to the works completed and as such the AMC portion forming part of the payment is booked as prepaid AMC.

12.3 Rs. 2.77 crores being the amount reimbursable by Government to the Company for funds mobilised from Commercial Banks as per the directives from the Government for advance remittance of statutory levies due to the government and for parking funds into the Treasury since 2004. However, the Government had not reimbursed the amount so far and we have requested the Government to allow write off of the above amount. Since the recovery of the amount is doubtful and based on the request submitted to the government to allow write off, provision to the extent of Rs. 2.77 crores is made in the books of accounts.

12.4 (a) An amount of Rs. 0.05 Crores being sales proceeds of FL 1 Shop Pattimattom was lost when the cash bag was snatched from an employee enroute to the bank for remittance. The Company has decided to recover the loss sustained from staff after adjusting the amount already recovered by the police and the process of recovery is not yet completed.

(b) During the period 24.08.2008 to 29.01.2011, an amount of Rs. 0.48 crores was misappropriated by Shop in Charge of FL 1 Shop Ravipuram Ernakulam by falsifying accounts of the shop. An amount of Rs.0.23 crores being the Sales Tax and Cess is included in the misappropriated amount.

Both the above recoverables amouting to Rs. 0.53 crores are disclosed under Other Non-Current Assets. Provision is made in the books of accounts for the same.

13 Inventories ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Inventories are valued at lower of cost or net realisable value		
Finished products	422.04	459.48
Stores & Consumables	0.75	1.02
Total	**422.79**	**460.50**

13.1 Finished products does not include unsaleable stock as on 31.03.2022 (valued at current year purchase price plus duties) of Rs.27.33 crores (Previous Year Rs.32.13 crores). The value of stock that has become unsaleable during the year valued at current year purchase price and duties is Rs.38.92 crores (Previous year Rs.26.40 crores) which has been debited to the respective Suppliers Account and credited to Purchase, Excise Duty and Import Fee Accounts respectively.

13.2 The closing stock of IMFL, Beer and Holographic Security Label is disclosed as per the physical verification conducted at the end of the year. Material discrepancies noticed on physical verification were recovered from the employees.

14 Cash and cash equivalents ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Cash on hand	39.08	54.17
Balances with banks:		
(i) In current accounts	61.32	99.75
(ii) In treasury savings accounts	18.11	16.38
(iii) Term deposits with original maturity of less than three months	17.79	30.03
(iv) Funds in Transit (Refer note 14.1)	2.54	3.63
Total	**138.84**	**203.96**

14.1 The Funds in Transit represents the amount transferred from Warehouses & Shops but not received in Head Office Account and amount paid by customers through swiping machine not credited to bank account. The entire amount shown under the head Funds in Transit has been subsequently identified and cleared during the year 2022-23.

15 Bank balances other than cash and cash equivalents *₹ in Crores*

Particulars	As at 31.03.2022	As at 31.03.2021
Term Deposits with banks (due to mature within 12 months of the reporting date)	361.14	543.87
Total	**361.14**	**543.87**

15.1 Term deposit disclosed under note no. 14 and 15 includes a sum of Rs. 375 Crores held under lien as security towards working capital loan/overdraft borrowed from the banks and Rs. 3.82 Crores held under lien as security towards bank guarantee.

16 Loans *₹ in Crores*

Particulars	As at 31.03.2022	As at 31.03.2021
Loans Receivables considered good - Unsecured		
Loan to K S S Pension Ltd. (Refer note 16.1)	1,000.00	1,000.00
Loan to Rehabilitation Plantation Limited (Refer note 16.2)	5.00	5.00
Staff Advances	0.05	0.29
Loans Receivables considered doubtful – Unsecured		
Staff Advances	0.09	-
Less: Allowances for Doubtful Loans	(0.09)	-
Total	**1,005.05**	**1,005.29**

16.1 The Outstanding balance of intercorporate loan to Kerala Social Security Pension Limited as on 31.03.2022 is Rs. 1000 crores having a ROI of 8.05%. The company granted intercorporate loan as per the Government direction.

16.2 During the financial year 2019-20 company granted a loan of Rs. 5 Crores to Rehabilitation Plantation Limited as per the direction from Government of Kerala at an interest rate of 8.35% per annum.

17 Other Financial Assets - Current *₹ in Crores*

Particulars	As at 31.03.2022	As at 31.03.2021
Interest Receivable on Fixed Deposit and Loan	20.54	29.68
Others (Refer note 17.1)	0.06	0.24
Total	**20.60**	**29.92**

17.1 (i) Treasury Accounts of the company includes Rs.0.06 crores being accounts opened in the names of officers/employees. Company has taken steps for the closure these accounts.

(ii) A balance of Rs. 0.18 crores as at 31.03.2021 represents the amount deposited in Treasury A/c but no credit was given to company's account by Treasury. This amount was credited to the company's account during the FY 2021-22.

18 Other current assets ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Unsecured, considered doubtful		
Advance to suppliers (Refer note 18.1)	11.85	10.56
Excise Duty Advance	0.04	0.04
Funds Receivable (Refer note 18.2)	0.65	0.65
Other Advances (Refer note 18.3)	3.02	3.02
Less: Allowance for Doubtful advances	(15.56)	(14.27)
Unsecured, considered good		
Security deposits & EMD	0.05	0.05
Prepaid expenses	12.84	13.81
Balances with government authorities (Refer note 18.4)	76.35	85.92
Cash Discount accrued	6.23	6.73
Other Advances	3.30	3.20
Total	**98.77**	**109.71**

18.1 Balances in sundry creditors account as on 31.3.2022 shows a debit balance of Rs.11.85 crores. Debit balance in sundry creditors account pertains to the amount recoverable from them with respect to the cost, excise duty, import fee on dead stock, godown breakages, penalty for unsold stock and expenses incurred for destruction of dead stock etc. During the year 2021-22 Provision for receivables was created to the extent of Rs.1.29 crores towards debit balance in Sundry Creditors Account.

18.2 The amounts transferred from Warehouses & Shops amounting to Rs.0.65 crores but not identified in Head Office Account are disclosed as Funds receivable

18.3 During the financial year 2004-05 and 2005-06, the Company has been routing the daily collection of its six retail shops (out of 309) through Chalakudy Urban Co-operative Bank. Out of the daily collections from these shops from 04.02.2005 to 07.04.2005, amount to the extent of Rs.3.07 crores is retained by the banker and kept in Fixed Deposit account of the company. This action was against the approved standing instructions with the banker for the transfer of collections to Thiruvananthapuram on a daily basis. On the Banker's prayer to the Hon'ble High Court of Kerala to allow instalment facility to pay off to the Company the outstanding balance retained by the banker, it was exparte ordered that 'no action shall be taken against the petitioner without due process of law'. Thereafter the company had filed a complaint against the banker before the Hon'ble Chief Judicial Magistrate Court, Thiruvananthapuram in pursuance of which a criminal case has been registered and investigation by the State Vigilance Department is in progress. The Company has also filed an Arbitration Case u/s 69 of the Kerala Co-operative Societies Act, 1969. Meanwhile, the Chalakudy Urban Co-operative Bank had remitted Rs.0.10 crores on 17.03.2007 and the balance due as on 31.03.2007 was Rs.2.97 crores and shown in the accounts as the amount to be received from the Co-operative Urban Bank, Chalakudy which is included under the head "Other Advances - Considered doubtful". (The company has made a provision of Rs. 2.97 Crores during the financial year 2019-20.)

The Arbitrator passed an award on 31.10.2016 in favour of the Company to realise and recover the amount with interest from 17.03.2007 to 14.10.2016 from the assets. Considering the Principle of Conservatism, no provision for the interest component has been made in accounts. An execution petition was filed before the Assistant Registrar of Co-operative Societies, Thrissur.

18.4 Balances with government authorities includes:

(a) Based on the decision of Government as per Abkari Policy for the year 2014-15 to close down FL3 Bar Hotels, except Five star and above category, the Government had directed the Company to take back the liquor stock available with the closed licensees. Accordingly these liquor stocks were freezed and transported to the various warehouses of the Company. Liquor stock worth Rs 15.06 Crores were thus transported to various warehouses and the amount have been paid to the concerned licensees. The Company has requested the Government for refund of the amount paid to such licensees and the Government has ordered for adjustment of the amount against Excise duty/sales tax payable in future. Since the Commissioner of Commercial Taxes Department has expressed their inability to adjust the amount, the matter was again taken up with Government and the Government directed to adjust the amount against Excise duty payable to Excise Department. Some licensees who had transported freezed liquor stocks thereafter to whom an amount of Rs.0.01 Crores paid during 2019-20 has been written off in the accounts in the light of the Government order above. The amount of Rs 15.06 Crores ordered for adjustment against excise duty is included under the head Balances with government authorities.

(b) The Government of Kerala vide GO No. G.O.(Ms) No.62/2018/TD dated 16.08.2018 directed the Company to increase the excise duty rate for 100 days with effect from 18.08.2018. This resulted in revision in Excise Duty amount on the liquor stock held as on 18.08.2018, in KSBC warehouses and shops. In order to avoid the delay in the payment and to ensure timely payment to the government, the Company remitted Rs.41.57 crores as Differential Excise Duty based on tentative figures. Later based on the actual stock ascertained, the actual amount of differential Excise Duty was Rs.36.93 crores. Hence there was an excess remittance of Rs.4.64 crores. A request was submitted to the Government to refund the excess differential duty remitted by the Company or to adjust the same against the Advance Excise duty being remitted by the Company for purchase of liquor. Similarly, during the year 2017-18, there was a revision in the rate contract purchase price of liquor, resulting in a revision in Excise Duty amount on the stock held in KSBC WHs and shops. The company paid the differential excise duty in advance and there was an excess payment of differential excise duty for an amount of Rs.2.36 crores. Further, during the financial year 2020-21, the company allowed price increase to the suppliers which also resulted revision in the excise duty amount on the stock held in the WHs and shops. The company paid the differential excise duty in advance and there was an excess payment of differential excise duty for an amount of Rs.0.66 crores. Hence, the total amount of Excise duty receivable from government as on 31.03.2022 is Rs.7.66 crores which is included in Balance with Government Authorities and disclosed under Other Current Assets.

As per the above GO, The Excise duty rate was increased only for 100 days till 30.11.2018. Thereafter, it stands reduced and brought back to the previous excise duty rates with effect from 01.12.2018. However, the Company had sold the IMFL at a lower MRP considering the lower Excise duty rates which became effective from 01.12.2018. Excise duty on the stock lying with the Company as on 01.12.2018, had been remitted in advance at the enhanced rates of Excise duty. Due to this, the Company incurred a loss of Rs.39.90 crores. A request was submitted to the Government to refund the excess differential duty remitted by the Company or to adjust the same against the Advance Excise duty being remitted by the Company for purchase of liquor. On the basis of the request of the company, the Government had accorded sanction to adjust the same against the future Excise duty as per Government letter No.83/A3/2019/TD dated 17.09.2022. Considering the principle of conservatism, no receivables were recognised in the books for this amount.

(c) During the financial year 2021-22 an amount of Rs. 0.08 Crores has been resumed to Government account from the special TSB account of KSBC Ltd as on 31.03.2022 and the same was refunded back to STSB account of KSBC on 06.04.2022. The amount is included in Balance with Govt.authorities and disclosed under - Other Current Assets.

(d) An amount of Rs. 38.21 Crores (Excise duty - Rs. 37.02 Crores + Import Fee – Rs. 1.19 Crores) has been paid as Advance duty to the Excise Department for the Permits issued to the suppliers during 2021-22 and not executed as on 31.03.2022. The amount is included in Balance with Govt.authorities and disclosed under - Other Current Assets.

(e) During the period March 2019 to June 2019, the company had remitted sales tax along with interest as populated in the Sales Tax portal. However, due to a system error, the interest generated on the portal was not on diminishing balance, but on the total sales tax due. On completion of provisional assessment under KGST Act 1963, for the period March 2019 to June 2019, the department had allowed a refund of Rs.3.96 crores. Accordingly this amount was recognized as receivable during FY 2019-20 and is included under the head Balances with Government Authorities.

(f) Advance Excise Duty amounting to Rs.10.42 crores (Previous year – Rs.3.92 crores) shown under the head Balances with Government Authorities represents advance remittance made by the company to the Government treasury against which excise duty is adjusted while taking permits.

19 Equity Share Capital

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Authorised Share Capital		
50000 Equity shares of Rs. 1000 each	**5.00**	**5.00**
Issued Share Capital		
50000 Equity shares of Rs. 1000 each	**5.00**	**5.00**
Subscribed and fully paid up share capital		
50000 Equity shares of Rs. 1000 each	**5.00**	**5.00**

19.1 Reconciliation of number of equity shares subscribed

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Balance as at the beginning of the year	5.00	5.00
Add: Shares issued during the year	-	-
Balance at the end of the year	**5.00**	**5.00**

19.2 Shares issued for consideration other than cash

39,750 equity shares of Rs. 1000/- each were allotted as fully paid up by way of bonus shares during financial year 2017-18.

19.3 Shareholders holding more than 5% of the total share capital

The Governor of Kerala holds the 100% equity share capital of the company i.e. 50000 equity shares of Rs.1000/- each.

19.4 Details of shares held by promoters

Promoter Name	As at 31.03.2022		As at 31.03.2021	
	No. of shares	% of total shares	No. of shares	% of total shares
Honourable Governor of Kerala	49997	99.99%	49997	99.99%
Chairman & Managing Director, KSBC (for and on behalf of Hon'ble Governor of Kerala)	3	0.01%	3	0.01%
	50000	100%	50000	100%

**There is no change in the percentage of shareholding held by the promoter*

19.5 Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.1000 each. The equity shares of the company having par value of Rs.1000/- rank pari-passu in all respects including voting rights and entitlement to dividend.

20 Other Equity

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
a) General Reserve		
Balance as at the beginning and end of the year	**191.21**	**191.21**
b) Other Comprehensive Income		
Balance as at the beginning of the year	(3.45)	5.16
Movement during the year	-	(8.61)
Balance as at the end of the year	**(3.45)**	**(3.45)**
c) Retained Earning		
Balance as at the beginning of the year	614.99	905.81
Add: Profit/(Loss) for the period	(18.66)	(280.82)
Less: Dividend for the FY 2018-19 (PY: FY 2017-18)	(10.00)	(10.00)
Balance as at the end of the year	**586.33**	**614.99**
Total	**774.09**	**802.75**

20.1 Distribution of dividend paid and proposed ***₹ in Crores other than Dividend Per Share***

Particulars	2021-22	2020-21
Dividends on equity shares paid	10.00	8.20
(for the year ended 31st March 2018 - Rs. 2,000 per equity share)	-	-
(PY: for the year ended 31st March 2017 – Rs. 1,640 per equity share)		
Dividends on equity shares declared	10.00	10.00
(for the year ended 31st March 2019 - Rs. 2,000 per equity share)		
(PY: for the year ended 31st March 2018 – Rs. 2,000 per equity share)		
Proposed cash dividend for the year	-	-

21 Other Non-Current Financial Liabilities ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Employee related liabilities (Refer note no. 21.1)	1.25	1.25
Total	**1.25**	**1.25**

21.1 The balance of Rs.1.25 crores represents the amount payable to retired employees as 50% back wages pursuant to disposal of Special Leave Petitions (SLP) in June 2023 filed before the Hon. Supreme Court regarding back wages on enhancement of retirement age from 55 to 58 years.

22 Provisions – Non Current **₹ in Crores**

Particulars	As at 31.03.2022	As at 31.03.2021
(a) Provision for employee benefits		
(i) Provision for compensated absences (Refer note 42)	7.31	-
Total	**7.31**	**-**

23 Borrowings *₹ in Crores*

Particulars	As at 31.03.2022	As at 31.03.2021
From Banks (Secured)		
Working Capital Loan/Overdraft – Federal Bank	37.50	125.00
Working Capital Loan – SBI	225.00	-
Working Capital Loan/Overdraft – Canara Bank	112.50	435.00
From Banks (Unsecured)		
Working Capital Loan/Overdraft – Federal Bank	212.50	125.00
Working Capital Loan – SBI	75.00	-
Working Capital Loan/Overdraft – Canara Bank	637.50	315.00
Total	**1,300.00**	**1,000.00**

23.1 The Company has availed loans form commercial banks as mentioned below.

A. On 24.02.2021 the company availed working capital loan of Rs. 750 crore from Canara Bank @ 7.35% ROI and Rs.250 crore from Federal Bank @7.25% ROI. Out of Rs.750 crore taken from Canara Bank, the company repaid an amount of Rs.250 crore on 26.08.2021 and Rs.500 crore on 9.9.2021 and closed the loan. Regarding the loan of Rs.250 Crore taken from Federal bank on 24.02.2021, the company requested the bank to rollover the amount on maturity and based on the request, the bank had accord sanction to rollover the limits for a further period of six months. Further, during December 2021, loan of Rs.250 Cr had been converted into OD/WCDL @ 40:60 ratio. The OD of Rs.100 Cr was repaid as per the availability of the fund and WCDL of Rs.150 Cr was repaid as on 5.4.2022.

B. Following are the loans availed during the financial year, which are outstanding as at 31.3.2022

   i. On 31.03.2022, the company availed an overdraft of Rs.100 crores from Federal Bank @ 6.85% ROI.

   ii. On 31.03.2022, the company availed workings capital loan of Rs.275 crores @ 6.90% ROI and Rs.25 crores @ 7% ROI from State Bank of India

   iii. On 15.03.2022, the company availed workings capital loan of Rs.500 crores from Canara Bank @ 6.55% ROI.

   iv. On 30.03.2022, the company availed an overdraft of Rs.250 crores from Canara Bank @ 7.25% ROI.

Hence total outstanding borrowings as on 31.03.2022 is Rs.1300 crores.

23.2 **Nature of security:** Working Capital Loan/Overdraft of Rs.250 Crores from Federal Bank is secured against fixed deposit with treasury amounting to Rs.37.50 Crores. Working Capital Loan/Overdraft of Rs.750 Crores from Canara Bank is secured against fixed deposit with treasury amounting to Rs.52.50 Crores and fixed deposit with Canara Bank amounting to Rs.60 Crores. Working Capital Loan of Rs.750 Crores from SBI is secured against fixed deposit with treasury amounting to Rs.225 Crores.

24 Trade payables

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Outstanding dues of Micro enterprises and Small enterprises	-	-
Outstanding dues of creditors other than Micro enterprises and Small enterprises:		
For Goods Supplied	388.34	372.09
For Services	0.40	0.44
Total	**388.74**	**372.53**

24.1 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

Particulars	As at 31.03.2022	As at 31.03.2021
(a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	-	-
Principal	-	-
Interest on above Principal	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

25 Other Current Financial Liabilities *₹ in Crores*

Particulars	As at 31.03.2022	As at 31.03.2021
EMD & Security Deposit	52.26	44.84
Employee related liabilities	69.02	76.14
Interest accrued but not due on short term borrowings	2.85	1.09
Dividend Payable	10.00	10.00
Others	2.62	6.80
Total	**136.75**	**138.87**

26 Other Current Liabilities *₹ in Crores*

Particulars	As at 31.03.2022	As at 31.03.2021
Statutory Dues	188.06	1,101.69
Other payables	2.27	9.24
Excise Duty Retained from Suppliers	21.81	18.54
Funds Payable (Refer note no. 26.1)	0.80	0.90
Total	**212.94**	**1,130.37**

26.1 Amounts received at head office account but not identified with any receipt at warehouse and shops of Rs. 0.80 (Rs.0.90) crores is disclosed as Funds payable.

27 Revenue from operations *₹ in Crores*

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Sale of Products	4,429.80	3,989.29
Other operating revenues		
Cash Discount	110.10	79.83
Excise Fine and Various Penalties	4.17	4.36
Sale of Carton, Carry bag & Other revenues	3.14	1.30
Total	**4,547.21**	**4,074.78**

27.1 Details of Gross Sales of IMFL and Beer During the year:

Gross sales of the Company during the financial year 2021-22 is Rs.14,576.25 crores as against Rs.13,212.37 crores for the previous financial year 2020-21. Sales tax paid by the Company during the financial year 2021-22 is Rs.10,146.45 crores as against Rs.9,223.08 crores for the previous financial year 2020-21. Turnover Tax paid during the financial year 2021-22 is Rs.736.11 crores as against Rs.667.31 crores paid in the previous financial year.

28 Other Income ***₹ in Crores***

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Interest Income		
a) On Short term deposit	28.45	64.81
b) On Intercorporate Loans	80.83	101.75
c) Other Interest	0.46	0.37
Dead Stock Destruction Charges (Suppliers)	0.48	0.31
Realisation of Loss and Damages While on Duty	1.80	1.93
Differential landed cost, excise duty and import duty	-	0.78
Other non-operating income companies:		
Fee Received for Supplying Information (RTI)	0.03	0.03
Interest on Income Tax Refund (Refer note 28.1)	38.80	-
Miscellaneous Income	0.66	0.83
Insurance Claims	1.70	0.21
Total	**153.21**	**171.02**

28.1 Against the disallowance of Surcharge on Sales Tax, Turnover Tax, Gallonage Fee, License Fee and Shop Rental (KIST) paid for the AY 2015-16, the Company had approached the Hon'ble High Court of Kerala and vide a common Judgment dated 30.04.2020, the Court held that Surcharge on Sales Tax, Turnover Tax and Shop Rental(Kist) are not disallowable u/s 40(a)(iib) of the Income Tax Act, 1961 and that regarding License Fee and Gallonage Fee, Gallonage Fee pertaining to FL-9 License and License Fee is disallowable. Consequently, the Assessing Officer passed order on 31.05.2021 which had resulted in a refund of Rs.324.23 crores including an interest of Rs.37.14 crores, which is shown as interest on income tax refund under the head "Other income" during FY 21-22. Later the judgement was challenged before the Hon'ble Supreme Court of India and vide judgement dated 03.01.2022 it was held that only Surcharge on Sales Tax and Turnover Tax is allowable expenses and Gallonage Fee, License Fee and Shop Rental(Kist) are fully disallowable items u/s 40(a)(iib).

The giving effect order was passed on 16.03.2022, which resulted in a demand of Rs.105.82 crores and by this order, the Assessing Officer charged interest of Rs. 25.98 crores and Rs.9.11 crores under Section 244A and 234D respectively. Therefore, the differential interest expense during the period is ascertained as Rs.20.27 crores [(Rs.37.14 crores – Rs.25.98 crores) + Rs.9.11 crores] and this amount is shown as interest expense under the head “Finance Cost”.

While processing the return for AY 2019-20, the income tax department issued refund of Rs.20.05 crores including an interest u/s 244A of Rs. 0.86 crores. The refund amount was adjusted as regular assessment tax for the AY 2014-15. This interest is accounted as interest on income tax refund under the head “Other income” during FY 21-22.

For AY 2014-15, based on the Hon'ble High Court order dated 30.04.2020, the Assessing Officer passed giving effect order on 31.05.2021 in which an amount of Rs.20.85 crores was issued as income tax refund including an interest u/s 244A of Rs.0.80 crores. This interest is also accounted as interest on income tax refund under the head “Other income” during FY 21-22.

29 Purchase of stock-in-trade – Traded goods ***₹ in Crores***

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Purchases – Kerala	988.11	1,019.05
Purchases – Outside	589.17	446.47
Purchases – FMFL	40.67	28.76
Less: Trade Discount	-2.11	-1.66
Total	**1,615.84**	**1,492.62**

30 Changes in inventories of work-in-progress, stock in trade and finished goods ***₹ in Crores***

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Opening Balance		
Stock-in-Trade	459.48	435.32
Closing Balance		
Stock-in-Trade	422.04	459.48
Net (increase) / decrease	**37.44**	**-24.16**

31 Employee benefits expense *₹ in Crores*

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Salaries, wages and bonus (Refer note no. 31.1)	199.50	201.33
Contribution to provident and other funds	20.98	22.44
Staff / Workmen welfare expenses	10.88	9.99
Total	**231.36**	**233.76**

31.1 Salaries, wages and bonus of current year includes pay revision arrears amounting to Rs.19.42 Crores relating to financial year 2021-22.

Salaries, wages and bonus of financial year 2020-21 includes:

a. pay revision arrears amounting to Rs.17.04 Crores relating to financial year 2020-21.

b. Rs. 8.11 crores paid as salary arrears to Labelling workers during February 2021 pursuant to GO (Ms) No. 50/2019 TD dtd. 05/09/2019.

c. Rs. 1.25 crores due for payment to retired employees as 50% back wages pursuant to disposal in June 2023 of Special Leave Petitions (SLP) filed before the Hon. Supreme Court regarding back wages on enhancement of retirement age from 55 to 58 years.

32 Finance Cost *₹ in Crores*

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Interest on Short Term Loan	69.45	110.15
Interest on income tax (Refer note 28.1)	20.27	-
Total	**89.72**	**110.15**

33 Depreciation and amortisation expense *₹ in Crores*

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Depreciation on property, plant and equipments	9.40	3.76
Amortisation of other intangible assets	1.02	-
Total	**10.42**	**3.76**

34 Other expenses

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Rates & Taxes	20.45	21.64
Turnover Tax	736.11	667.31
Power and fuel	2.70	2.06
Repairs and Maintenance-General	1.02	0.90
Repairs and Maintenance (Others)	0.91	0.90
Freight & Other Selling Expenses	10.37	0.89
Professional Charges	0.33	0.30
Office Expenses	2.72	3.03
Loading & Unloading Charges	21.21	13.07
Impairment in value of investments	0.75	1.11
Training program expenses	0.01	-
Postage, Telegram and Telephone.	0.67	0.25
Packing Materials	1.42	1.09
Cost of Excise Establishment	13.46	9.89
Security Labels Consumed	6.43	6.31
Travel and conveyance	2.07	1.86
Insurance	1.20	1.09
Printing and stationery	2.19	1.83
Advertisement and sales promotion	0.77	0.57
Legal Charges	1.80	1.15
Rent	35.76	33.80
Watch & Ward Expenses	13.28	38.30
Interest on Delayed Statutory Payments	20.55	79.03
Labelling Charges	0.85	0.59
Payment to Auditors (Refer note no. 34.1)	0.19	0.17
Bank Charges	0.15	0.92
Provision for doubtful advances	1.38	1.34
BevQ App expenses (net) (Refer note no. 34.2)	-	0.24
Expenditure on Corporate Social Responsibility activities (Refer note no. 34.3)	0.40	4.28
Miscellaneous expenses	3.61	2.94
Total	**902.76**	**902.86**

34.1 Payment to Auditors *₹ in Crores*

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
For statutory audit	0.13	0.12
Reimbursement of expenses	0.05	0.05
Others	0.01	-
Total	**0.19**	**0.17**

34.2 BevQ App expense (net)

BevQ was a unique mobile app launched by the company for Virtual Queue Management Service for sale of liquor through its FL01 outlets and other licensees so as to comply with social distancing norms on account of Covid 19 pandemic. This was a token based booking system where user generates a token for the purchase of liquor from nearby outlet/bar and presents the token for the purchase of the required quantities of liquor. Kerala Start up Mission was entrusted to identify a suitable startup company for development of the app and M/s Faircode Technologies Private Ltd enlisted with Kerala Start up Mission was identified for the same. The cost for app development was Rs.0.03 crores and Faircode Technologies Private Ltd was also entitled to SMS charges for sending and receiving SMS @12 paise/sms and @3 paise/sms respectively.

The cloud storage for hosting the app was procured from Amazon Web Services (AWS) through the empanelled agency CDIT for which monthly charges for AWS cloud service and 7% as TSP and maintenance charges was payable. For each token processed for a bar licensee, an agreed rate per token was charged from bar licensees. The amount of Rs.0.24 crore shown in the financial year 2020-21 as BevQ App Expenses (net) is net of income.

34.3 Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas of CSR activity includes promoting education, art and culture, healthcare, Social Empowerment, etc., and those specified in Schedule VII of the Companies Act 2013. Details of amount required to be spent and the amount utilised are given below:

Particulars		For the year ended 31.03.2022	For the year ended 31.03.2021
(i)	Amount required to be spent by the company during the year	-	3.28
(ii)	Amount of expenditure incurred	0.40	4.28
(iii)	Shortfall at the end of the year	-	-
(iv)	Total of previous years shortfall	-	-
(v)	Reason for shortfall	-	-
(vi)	Nature of CSR activities	Promoting healthcare facilities and promoting educational facilities etc.	
(vii)	Details of related party transactions	-	-
(viii)	Movement in the provision made with respect to a liability incurred by entering into a contractual obligation	-	-

Note: Since the company has net loss in computing the average three years net profit for CSR expenditure, no amount is required to be spent on CSR during the current year.

35 Earnings per share

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Net Profit after tax (₹ in Crores)	-18.66	-280.82
Number of Equity Shares	50,000	50,000
Basic and Diluted Earnings Per Share (EPS) (in ₹)	-3,732	-56,164
Face value per equity (in ₹)	1,000	1,000

36 Income tax recognised in profit & loss

36.1 Income tax expense

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Current tax:		
Current income tax charge in Profit & Loss	4.22	-
Income tax relating to earlier years	-	26.04
Current income tax charge in Other Comprehensive Income	-	-
Total (A)	**4.22**	**26.04**

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Deferred tax:		
In respect of current year (Profit & Loss)	4.98	(39.57)
In respect of current year (Other Comprehensive Income)	-	(2.90)
Total (B)	**4.98**	**-42.47**
Income tax expense recognised in the Statement of Profit and Loss (A+B)	**9.20**	**-16.43**

36.2 The income tax expense for the year can be reconciled to the accounting profit as follows:

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Profit before tax	(9.46)	(294.35)
Income tax expense calculated @ 25.168% (25.168%)	(2.38)	-
Effect of expenses/income that are not deductible in determining taxable profit	11.58	-
Income tax expense recognised in the Statement of Profit and Loss	**9.20**	**-**

36.3 Movement of deferred tax expense during the year ended March 31, 2022

₹ in Crores

Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in Statement of profit or loss	Recognised in OCI	Closing Balance
Property, plant, and equipment and Intangible Assets	2.27	-4.61	-	-2.34
Expenses allowable on payment basis under the Income Tax Act	4.52	0.35	-	4.87
Unabsorbed Depreciation and carry forward loss	40.99	-0.71	-	40.28
Total	**47.78**	**-4.97**	**-**	**42.81**

36.4 Movement of deferred tax expense during the year ended March 31, 2021

₹ in Crores

Deferred tax (liabilities)/assets in relation to:	Opening balance	Recognised in Statement of profit or loss	Recognised in OCI	Closing Balance
Property, plant, and equipment and Intangible Assets	1.12	1.15	-	2.27
Expenses allowable on payment basis under the Income Tax Act	4.19	0.33	-	4.52
Remeasurement of post employment benefit obligations under Ind AS	0.00	40.99	-	40.99
Total	**5.31**	**42.47**	**-**	**47.78**

37

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
Earnings in foreign currency	-	-
Expenditure in foreign currency	-	-
Value of Imports (on C.I.F basis)	-	-

38 Commitments and contingent liability

₹ in Crores

Particulars	For the year ended 31.03.2022	For the year ended 31.03.2021
A. Contingent Liability (To The Extent Not Provided For)		
Claims against the Company not acknowledged as debts		
(a) Income tax Demand under appeal (Refer note 38.1)	9.21	9.21
(b) Service tax Demand under appeal (Refer below notes)	461.53	461.53
B. Commitments (To The Extent Not Provided For)		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:	-	-
(b) Bank Guarantees	3.66	3.66

In addition, the company is also subject to certain legal proceedings and claims which have arisen in the ordinary course of business. The management expect that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the company's results of operation or financial conditions.

38.1

Particulars	Assessment Year (Financial Year)	Disputed Forum	Disputed Amount FY 2022 (in Crores)	Disputed Amount FY 2021 (in Crores)
Appeal filed by KSBC against the disallowance of Cost of Excise Establishment Charges and Gallonage Fee before CIT(Appeals), Tvm and the CIT(A) issued order by partially allowing the Cost of Excise Establishment Charges. CIT(A) issued a Corrigendum directing the Assessing Officer to allow the claim of Cost of Excise Establishment subject to the condition to verify all the documentary evidences submitted by the Company and the matter is pending with the Assessing Officer.	2012-13 (2011-12)	CIT (A)	1.58	1.58
In the light of the SC order, Assessing officer issued penalty order dated 16.3.2022 u/s 271B and 271(1)(c) demanding to pay Rs.0.015 Crores and 0.0091 Crores respectively. Company filed appeals before the CIT(A) against the penalty orders on 14.04.2022, which are pending disposal.	2014-15 (2013-14)	CIT (A)	0.02	0.02
In the light of the SC order, Assessing officer issued penalty order dated 16.3.2022 u/s 271(1)(c) demanding to pay Rs. 7.14 Crores. Company filed appeals before the CIT(A) against the penalty order on 14.04.2022, which is pending disposal.	2015-16 (2014-15)	CIT (A)	7.61	7.61

38.2 The Commissioner of Central Excise, Trivandrum had earlier made assessment to service tax allegedly holding that the business activity of the Company would falls under 'business auxiliary services' and the details of demand raised is given below:

1. 01.07.2003 to 31.03.2006 and 01.04.2006 to 31.03.2007 (Order No 405/2009 dated: 31.03.2009) - Aggregate demand of Rs.378.36 crores (Rs.189.18 crores plus Penalty under section 78 Rs.189.18 crores)
2. 01.04.2007 to 30.09.2007, 01.10.2007 to31.03.2008 and 01.04.2006 to 31.03.2007 (Interest) (Order Nos.9 to 11/2010 dated: 30.03.2010) Aggregate demand of Rs.82.87 crores plus Rs.200 per day as penalty.

Against the above assessments and demand, Company filed appeal before Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore bench. The Hon'ble Tribunal after hearing the matter at length had held that the activity of procurement and distribution of liquor by the Company is only purchase and sale and no element of service is involved to cover the activity under the business auxiliary service. Against the orders of the Tribunal, the Department had filed appeal before the Hon'ble High Court of Kerala but the Hon'ble High Court had dismissed these appeals holding that the said appeals are not maintainable before High court u/s 34(G) of the Central Excise Act 1944. Accordingly, Central Excise Department has filed appeals against the orders of the Tribunal before Hon'ble Supreme Court. The Department has also filed an interim application (IA) for early hearing of the matter. The appeal is pending for disposal.

38.3 Other contingencies:

A. The Company has its own medical benefits scheme which was introduced as early in 1984. The Company was exempted from the purview of ESI Act from the year 1985 till 31.03.2009. Though the Company had made application for exemption from ESI for the years 2009-10 and 2010-11, but the same has not been granted so far. Later, the ESI Corporation has served the following demand notice for remittance of the ESI contribution along with interest @ 12%:

   Thrissur warehouse - Rs. 0.06 crores for the period Apr 2009 - Dec 2013

   Attingal warehouse - Rs. 0.21 crores for the period Apr 2009 - Mar 2014

   Kannur warehouse - Rs. 0.06 crores for the period May 2009 - Mar 2014

   Chalakkudy warehouse - Rs. 0.03 crores for the period Apr 2009 - Dec 2013

   Against these demands, the Company filed petition before Hon'ble Employees Insurance Court claiming total exemption of the Company from the purview of ESI Act. The Hon'ble Insurance Court has stayed the assessment and demand notice issued by ESI authorities and the petition is pending for disposal. The Company has got a better medical benefit scheme compared to ESI scheme. Further, the Government vide letter of 02.03.2017 had clarified that the ESI scheme is not applicable to the Company. Taking in to consideration all these aspects, no provision has been made in the accounts towards the ESI contribution.

   An application was filed by KSBC before the Employees Insurance Court under ESI Act requesting exemption from the provisions of ESI Act. The last sitting was on 14.06.2023 and the case has been taken for orders. Awaiting orders of the Hon'ble Court.

B. Assistant Provident Fund Commissioner, Trivandrum served an attachment Order/Garnishee Order No.KR/10416//ENF- 1(2)/2006 dated 04.10.2006 and 12.10.2006 to our Bank Account at State Bank of Travancore, Sasthamangalam and Dhanlaxmi Bank, Vazhuthacaud for an amount of Rs.7.32 Crores towards the Provident Fund dues of Abkari Workers for the period 2001 to 2005. State Bank of Travancore and Dhanlaxmi Bank had complied the Garnishee Order and remitted an amount of Rs. 0.36 Crores and Rs. 6.96 Crores respectively towards Provident Fund Department.

Against this order, the Company had filed a Writ Petition No.27139/06 before the Hon'ble High Court of Kerala and in the judgement dated 25.10.2006 the Hon'ble High Court had ordered the Department to refund the said amount of Rs.7.32 Crores to the Company and stayed the recovery procedure for a period of two months from the date of Order during which time the Company shall approach the Tribunal and seek appropriate interim order in the Appeal. Against this the Provident Fund Department had filed Writ Appeal No.2141/06 wherein the Hon'ble High Court had ordered in judgement dated 21.11.2006 that the amount held by the Provident Fund Department should be given back to State Bank of Travancore and that the Bank shall keep the amount as such until the final decision. The Company had filed an IA in the Writ Appeal for the release of amount from the deposit of the bank. The Hon'ble Court vide Judgement dated 27.02.2007 ordered to release 50% of the amount from the deposit in the bank to the Company on furnishing bank guarantee and rest of the amount was to be kept by State Bank of Travancore itself till the petition is disposed.

On furnishing the bank guarantee State Bank of Travancore released 50% of the amount on 10.07.2007 and balance amount of Rs.3.66 Crores is retained in State Bank of Travancore, Sasthamangalam. This Bank Guarantee has been transferred to Federal Bank Ltd with effect from 18.03.2017.

On 22nd August 2007 Assistant Provident Fund Commissioner, Thiruvananthapuram had issued another order demanding an amount of Rs.3.65 Crores towards EPF for Security Workers and Labelling Workers and also one year PF contribution of Abkari Workers for the year 2006. Against this order the Company had filed an appeal before the Provident Fund Appellate Tribunal. But the same was not accepted due to the non functioning of the Tribunal. A writ petition to stay all further proceedings pursuant to the order (dated 22.08.2007) was filed before the Hon'ble High Court of Kerala. In the interim order issued by Hon'ble High Court on 16.10.2007, stay was granted for a period of two months on the condition to pay one-fourth of the amount demanded within one month from 16.10.2007.Rs. 0.91 Crores being one – fourth of the demanded amount (of Rs. 3.65 Crores) was paid by the Company on 15.11.2007.

Against the above two demands, the appeals filed before Employees Provident Fund Appellate Tribunal (EPFAT) challenging the determination was dismissed by the Tribunal. The matter was under challenge before Hon'ble High Court through writ proceeding and the same is pending for disposal.

On 08.12.2011, the Regional Provident Fund Commissioner had issued another order demanding an amount of Rs.1.56 Crores towards Employees Provident Fund dues for labelling charges for the period 03/2005 to 03/2011. The appeal was filed before the EPFAT as ATA No 111 (7) 2012 and obtained stay against the determination of demand, subject to payment of 40% of demand amounting to Rs.0.62 Crores. Consequent to the abolition of EPF tribunal, case stands transferred to Central Government Industrial Tribunal, Cochin (CGIT) and renumbered as Appeal No.709/19.

The Regional Provident Fund Commissioner, Thiruvananthapuram vide order dated 04.04.2017 had issued another determination order demanding to remit an amount of Rs.20.27 Crores towards Provident Fund dues of Abkari Workers covering the period from 01/2007 to 04/2014 and on Labelling charges paid to Labelling Contractor covering the period from 04/11 to 04/14. Appeal was filed before Hon'ble Tribunal as ATA No A/KL-46/17 and obtained stay for the balance demand and stay of further proceedings on condition of deposit of Rs. 0.50 Crores. The case stands transferred to CGIT, Ernakulam and renumbered as 269/18.

CGIT vide order dated 17.03.2022 dismissed appeal no 709/2019 and partially allowed appeal no. 269/2018. Writ petition No. 14774 of 2022 was filed by the Company challenging the Order dated 17.03.2022 in ATA No.269/2018 passed by the CGIT, Ernakulam. The Interim Order of Stay continues and matter is pending.

An amount of Rs.5.69 Crores is shown in the Financial statement as Disputed PF deposit under Note - 12 - Other Non-Current Assets.

C. Further, the following Show Cause Notices/ Demand Notices were also received:

i) Show cause notice Nos.71 & 14 of 2009 of the Commissioner dated: 20.10.2009-Aggregate proposal Rs.114.12 crores /- plus interest and penalty (Rs.58.64 crores plus Rs.55.48 crores).

ii) Show cause notice No.30/2010-ST (JC) dated: 13.04.2010 towards "Storage and Warehousing Services"-Aggregate proposal Rs 0.07 crores plus interest and penalty for the period April 2008 to March 2009.

iii) Show cause notice No.82/2010-ST dated: 08.10.2010 for the period 01.04.2009 to 31.03.2010 aggregate proposal Rs.110.83 crores

iv) Show case notice No.12/2011-ST (JC) dated: 14.03.2011 for the period 01.04.2009 to 31.03.2010 towards "Storage and Warehousing Services"-Aggregate proposal Rs 0.07 crores plus interest and penalty.

v) Show cause notice No.70/2011-ST (Commr), dated: 22.09.2011 for the period 01.04.2010 to 31.03.2011–Aggregate proposal Rs.132.28 crores plus interest and penalty."

vi) Show cause notice No.18/2012-ST (Commr), dated 12.03.2013 for the period 01.04.2011 to 31.03.2012-Aggregate proposal Rs.152.17 crores.

vii) Show cause notice No.34/2013 (ADC), dated: 18.04.2013 for the period 2011-2012 towards storage and Warehousing Services - Aggregate proposal Rs 0.06 crores.

viii) Show Cause Notice No.73/2014-ST (Commr) dated: 16.05.2014 for the period 01.04.2012 to 31.03.2013, aggregating an amount of Rs.178.96 crores plus interest and penalty.

ix) Show Cause Notice No.12/2015-ST (Commr) dated 24/02/2015 for the period 01.04.2013 to 31.03.2014, aggregate proposal of Rs.187.60 crores along with interest u/s 75 and penalty u/s 76 and 77 of Act, and the company has filed a reply.

x) Show Cause Notice No.292/2015-16 ST (Commr) for the period April 2014-15 aggregate proposal of Rs.187.36 crores along with interest u/s 75 and penalty u/s 76 and 77 of the Act, and the Company has filed a reply.

xi) Show cause Notice No.14/2017-18/ST (Commr) Dtd.14.06.2017 for the period 2015-16 aggregate proposal of Rs.235.53 crores along with interest u/s 75 and penalty u/s 76 and 77 of the Act, and the Company has filed the reply.

xii) Show cause Notice No.21/2018-19/ST (Commr) Dtd.31.3.2019 for the period April 2016 to June 2017 aggregate proposal of Rs. 325.10 crores along with interest u/s 75 and penalties u/s 76 and 77 of the Act and the Company has filed the reply.

Though the service tax authorities have been issuing above referred notices, no further assessment or demands are raised. In view of these, no provision has been made in the accounts in this regard.

xiii). Company has received a demand order against SCN No. 94/2022-23 (GST) dated 31.03.2023 vide Order in Original No.13/2023-24 GST (ADC) dated 07.12.2023 towards “Public & Administrative Services falling under the Heading 9991” related to cost of excise establishment for the period July 2017 to December 2019 for an amount of Rs.8.48 crores along with applicable interest and penalty of Rs 0.84 crores. Company has decided to file appeal against the order.

xiv) Show Cause Notice No.42/2014 ST for the period 2012-13 on account of loading and labelling charges- Demand of Rs.0.03 crores was confirmed along with penalty of Rs.0.003 crores vide OIO 62/2015 ST and appeal no: 447/ST/CLT/2015 filed against the same is pending before Commissioner (Appeals), Central Taxes & Central Excise, Cochin.

xv) Show Cause Notice No.57/2015 ST for the period 2013-14 on account of loading and labelling charges - Demand of Rs.0.05 crores was confirmed along with penalty of .Rs.0.003 crores vide OIO 13/2016 ST and appeal no: 446/ST/CLT/2015 filed against the same is pending before Commissioner (Appeals), Central Taxes & Central Excise, Cochin.

xvi) Show Cause Notice No.97/2016 ST for the period 2014-15 on account of loading and labelling charges - Demand of Rs.0.07 crores was confirmed along with penalty of Rs.0.006 crores vide OIO 59/2017 ST and appeal No: 288/ST/CLT/2017 filed against the same is pending before Commissioner (Appeals), Central Taxes & Central Excise, Cochin.

xvii) Show Cause Notice No.58/2017 ST for the period 2015-16 - Demand on loading charges of Rs.0.03 crores was confirmed along with penalty of Rs.0.004 crores vide OIO 19/2018-ST dated 06.06.2018 against which appeal was filed before The Commissioner (Appeals), Central GST & Central Excise , Kochi which was rejected vide order dated 17-03-2021. Company has filed appeal an before Hon. CESTAT in Appeal No: ST.20071/2022-DB which is pending.

xviii) Show Cause Notice No.16/2019 ST for the period 2016-17 - Demand order on loading charges was passed on 28-12-20 by Assistant Commissioner, Central GST & Central Excise confirming demand of Rs.0.04 crores along with penalty of Rs.0.005 crores against which appeal is filed before The Commissioner of Central Excise (Appeals II), Cochin vide Appeal no: 17/ST/CLT/2022.

xix) Show Cause Notice No.17/2019 ST for the period 2016-17 - Demand order on Cost of Excise Establishment, Chemical Examination Fee and Legal fee was passed on 30-12-20 by Assistant Commissioner, Central GST & Central Excise confirming demand of Rs.0.06 crores along with penalty of Rs.0.007 crores against which appeal is filed before The Commissioner of Central Excise (Appeals II), Cochin vide Appeal no: 17A/ST/CLT/2022.

D. Consequent to the Government decision to open additional number of retail shops (from 14 to 327) progressively from financial year 2001-2002 onwards, the number of bank accounts and the volume of fund transfer from respective branches of the banks to their designated branch at Thiruvananthapuram had increased considerably. The banks had levied charges on such funds transfer, which is shown below, which according to the company was not warranted.

Indian Bank	:	Rs.0.08 crores for the period 2002-03 to 2003-04
State Bank of India	:	Rs.0.47 crores for the period 2002-03 to 2003-04
State Bank of Travancore	:	Rs 0.8 crores for the period 2001-02 to 2004-05

The Company had taken up the matter before the appropriate forums and requested for refund of bank charges levied. The Company had also filed a petition before the Hon'ble High Court of Kerala against State Bank of Travancore in this respect. Further, the Company had filed cases against Indian Bank and State Bank of India before Consumer Disputes Redressal Forum and Consumer Redressal Commission, Thiruvananthapuram respectively. The Redressal Forum had ordered Indian Bank to refund the Bank Charges without any interest. The Company had filed an appeal before the State Redressal Commission, Thiruvananthapuram for claiming interest.

Meanwhile, the Indian Bank also filed an appeal before the Commission for setting aside the order of the Redressal Forum. Further the writ petition filed before Hon'ble High Court against State Bank of Travancore was disposed off by the Court with a direction to the State Bank of India to consider the matter for settlement amicably in view of the merger of SBT with SBI. Accordingly, an application was submitted to the State Bank of India with a request to refund the amount. The case filed against State Bank of India before the State Commission is still pending for disposal.

E. The assessment of the Company under the Kerala General Sales Tax Act is finalized up to the year 2017-18. Latest assessment order received is Order No.32010194924/2017-18 dated 13.09.2022 for the year 2017-18. Demand was raised by the department for the AY 2015-16 for an amount of Rs.260.62 crore (including interest of Rs.105.49 crore), for the AY 2016-17 for an amount of Rs.207.84 crore (Including interest of Rs.77.12 crore) and for the AY 2017-18 for an amount of Rs.47.21 crore (including interest of Rs.16.35 crore). The company filed an appeal to the Joint Commissioner of Sales Tax against the Assessment order by the Deputy Commissioner for the AY 2015-16 to 2017-18 and the same is pending for hearing.

   The Assessment of the Company under Section 25(1) of the Kerala Value Added Tax Act is completed up to the financial Year 2010-11 and there is no demand pending against the Company as per orders passed under the KVAT Act. The Assessment under the KVAT Act for the years 2011-12 onwards is pending finalisation.

F. Writ Petition (Civil) No.7240/2019 was filed by Videsha Madhya Vyavasaya Thozhilali Federation (INTUC) seeking for a direction to implement the provisions of the Kerala Shops & Commercial Establishments Act, 1960 to the Retail Outlets of the company and Consumer fed and also to pay overtime wages and holiday wages to abkari workers working in these Establishments in accordance with the provisions of the Kerala Shops and Commercial Establishments Act.

   After the final hearing on 2-6-2022, the Hon’ble High Court allowed the Writ Petition declaring that the Shops operated by the company comes under the purview of the Act and liable to follow the provisions contained therein. The Hon’ble Court issued appropriate directions to the Labour Commissioner to adjudicate the matter and to finalize the issue within a period of two months from the date of receipt of a copy of the judgement. The Hon’ble Court also held that the company is bound to provide all benefits under the Act and further directed to pay arrears, if any, due to the abkari workers on account of extra wages.

   An appeal (WA.No.1361/2022) was filed by the company challenging the judgement and a stay order was obtained on operation and implementation of the judgement in the writ petition till the disposal of the appeal.Writ Appeal No. 1361/2022 is currently pending before the Hon'ble High Court of Kerala.

G. A number of consumer cases are pending before various forums. In most of the cases, the allegation is that, concerned shop in charges have realised excess amount than the maximum retail price (MRP) printed on the labels. However the amount so collected were due to revision in MRP consequent to increase in sales tax rates on liquor by Government and since there were crores of unsold bottles, it could not be possible to mark new MRP on such bottles.

Also, as per the available records, there are 412 cases pending with Hon'ble High Court of Kerala and 96 cases pending in various Sub ordinate Courts and Legal forums. At this stage the outcome and the amount involved in these pending cases could not be ascertained and hence no amount has been provided on this account.

39 Operating lease arrangements

The company is in the practice of taking buildings and spaces on operating lease arrangement for its trading and storage activities.

40 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans.

The funding requirements are met through equity and other short-term borrowings.

The capital structure of the Company consists only of equity.

Categories of Financial Instruments ***₹ in Crores***

Particulars	As at 31.03.2022	As at 31.03.2021
Financial assets		
a. Measured at amortised cost		
Loans	1,005.05	1,005.29
Other financial assets	24.33	33.88
Cash and cash equivalents	138.84	203.96
Bank balances other than above	361.14	543.87
b. Measured at fair value through profit or loss (FVTPL)		
Investments	5.36	6.11
Financial liabilities		
a. Measured at amortised cost		
Borrowings	1,300.00	1,000.00
Trade payables	388.74	372.53
Other financial liabilities	138.00	140.12

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not subject to credit risk as the internally generated funds are used to meet their financial requirements

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2022 ***₹ in Crores***

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Trade payables	388.74	-	-	388.74
Other financial liabilities	136.75	1.25	-	138.00

March 31, 2021 ***₹ in Crores***

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Trade payables	372.53	-	-	372.53
Other financial liabilities	138.87	1.25	-	140.12

₹ in Crores

Particulars	As at 31.03.2022	As at 31.03.2021
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	-	-

41 Related party disclosure

a) Related parties and nature of relationship

Nature of relationship	Name of related parties
(a) Key Managerial Personnel:	Shri. Yogesh Gupta IPS – Managing Director (01-02-2021 to 05-10-2021 Shri. Syam Sundar IPS – Managing Director (w.e.f. 05-10-2021 Shri. G. Sparjan Kumar IPS – Managing Director (19.07.2018 to 31-01-2021) Shri. John Joseph – Company Secretary

b) Transactions during the year

₹ in Crores

Nature of transactions	For the year ended 31.03.2022	For the year ended 31.03.2021
Salaries and allowances:		
Shri. Yogesh Gupta IPS	0.21	0.12
Shri. Syam Sundar IPS	0.13	-
Shri. G. Sparjan Kumar IPS	-	0.23
Shri. John Joseph	0.17	0.16

**Post-employment benefits comprising gratuity and compensated absences are not disclosed, as these are determined for the Company as a whole.*

42 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the provident fund. The Company also has superannuation plan.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. Company's liability towards gratuity and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

42.1 Gratuity

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2022	March 31, 2021
Mortality Table	IALM 2012-14	IALM 2012-14
Attrition Rate	5%	5%
Discount Rate	7.50%	7.50%
Rate of increase in compensation level	6.00%	6.00%
Expected rate of return on Plan Assets	7.50%	7.50%
Expected Average Remaining Working Lives of Employees (years)	16.3	17

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows: *₹ in Crores*

Particulars	March 31, 2022	March 31, 2021
Current service cost	2.94	2.72
Net interest expense	1.53	0.57
Return on plan assets (excluding amounts included in net interest expense)	-2.78	-2.25
Components of defined benefit costs recognised in profit or loss	**1.69**	**1.04**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	0.04	11.51
Components of defined benefit costs recognised in other comprehensive income	**0.04**	**11.51**

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows: *₹ in Crores*

Particulars	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	22.20	20.41
Fair value of plan assets	-38.01	-37.11
Net Liability/(Assets) arising from defined benefit obligation	**-15.81**	**-16.70**
Funded	-15.81	-16.70
Unfunded	-	-

Movements in the present value of the defined benefit obligation in the current year were as follows: *₹ in Crores*

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	20.41	7.92
Current service cost	2.94	2.72
Interest cost	1.53	0.58
Actuarial (gains)/losses	-0.28	11.52
Benefits paid	-2.40	-2.33
Closing defined benefit obligation	**22.20**	**20.41**

Movements in the fair value of the plan assets in the current year were as follows: ***₹ in Crores***

Particulars	March 31, 2022	March 31, 2021
Opening fair value of plan assets	37.11	30.05
Interest Income	-	-
Expected return on plan assets (excluding amounts included in net interest expense)	2.78	2.25
Contributions	0.84	7.12
Benefits paid	-2.40	-2.33
Actuarial gains/(loss)	-0.32	0.01
Closing fair value of plan assets	**38.01**	**37.11**

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

42.2 Compensated absences

Company is following the practice of valuing the compensated absence as per Ind AS 19 “Employee Benefits” based on the leave balance outstanding on the employees account on March 31st every year by an independent actuary and has provided the same in the accounts. The payment is done as and when claims are received from the employees or on the date of retirement/ relieving from the service of the company.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2022	March 31, 2021
Mortality Table	IALM 2012-14	IALM 2012-14
Attrition Rate	5%	5%
Discount Rate	7.50%	7.25%
Rate of increase in compensation level	6.00%	6.00%
Expected rate of return on Plan Assets	7.50%	7.50%
Expected Average Remaining Working Lives of Employees (years)	16.30	17.00

Amounts recognised in Statement of Profit and Loss are as follows:

₹ in Crores

Particulars	March 31, 2022	March 31, 2021
Current service cost	3.09	2.42
Net interest expense	0.94	0.62
Return on plan assets (excluding amounts included in net interest expense)	-0.69	-0.61
Actuarial (gains)/losses recognised during the period	0.94	1.90
Components of defined benefit costs recognised in profit or loss	**4.28**	**4.33**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	-	-
Components of defined benefit costs recognised in other comprehensive income	**-**	**-**
Components of defined benefit costs recognised in profit or loss	**4.28**	**4.33**

The amount included in the balance sheet is as follows:

₹ in Crores

Particulars	March 31, 2022	March 31, 2021
Present value of defined benefit obligation	16.27	12.59
Fair value of plan assets	-8.96	-9.26
Net liability/(Asset) arising from defined benefit obligation	**7.31**	**3.33**
Funded	7.31	3.33
Unfunded	-	-

Movements in the present value of the obligation in the current year were as follows:

₹ in Crores

Particulars	March 31, 2022	March 31, 2021
Opening defined benefit obligation	12.59	8.58
Current service cost	3.09	2.42
Interest cost	0.94	0.62
Actuarial (gains)/losses	0.86	1.88
Benefits paid	-1.21	-0.92
Closing defined benefit obligation	**16.27**	**12.59**

Movements in the fair value of the plan assets in the current year were as follows: ***₹ in Crores***

Particulars	March 31, 2022	March 31, 2021
Opening fair value of plan assets	9.26	8.14
Interest Income	-	-
Expected return on plan assets (excluding amounts included in net interest expense)	0.70	0.62
Contributions	0.29	1.44
Benefits paid	-1.21	-0.92
Actuarial gains/(loss)	-0.08	-0.02
Closing fair value of plan assets	**8.96**	**9.26**

43 Segment Reporting

Based on the guiding principles given in Ind AS - “Segment Reporting”, the company has only one reportable segment i.e., “Liquor Sale Activity”. During the period, there are no customers who are contributing more than 10% of revenue from operations.

44 Ratios:

Ratio	Numerator	Denominator	31-Mar-22	31-Mar-21	% change
(a) Current Ratio	Current assets	Current liabilities	1.00	0.89	13%
(b) Debt-Equity Ratio	Total Debt	Shareholder’s Equity	1.67	1.24	35%
(c) Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	0.88	-1.52	-158%
(d) Return on Equity Ratio	Net Profits after taxes	Average Shareholder’s Equity	-0.01	-0.07	-92%
(e) Inventory Turnover Ratio	Cost of goods sold	Average Inventory	0.94	0.82	14%
(f) Trade Receivables Turnover Ratio	Net Sales	Average Accounts Receivable	NA	NA	NA
(g) Trade Payables Turnover Ratio	Net Purchases	Average Trade Payables	1.06	0.97	9%
(h) Net Capital Turnover Ratio	Net Sales	Working Capital	519.09	-14.12	-3775%
(i) Net Profit Ratio	Net Profit	Net Sales	-0.00	-0.07	-94%
(j) Return on Capital Employed	Earning before interest and taxes	Capital Employed	0.03	-0.10	-128%
(k) Return on Investment	Income generated from invested funds	Time weighted average investments (excluding investment in subsidiaries)	-0.12	-0.15	-20%

44.1 Explanation for change in the ratios by more than 25%:

i. Debt-Equity Ratio has increased by 35% as the total debt has increased by Rs. 300 crores as compared to previous year along with a decrease in Shareholder's Equity by Rs.28.66 crores.

ii. In the previous year, company incurred a loss of Rs.280.82 crores on account of COVID pandemic due to which DSCR was negative. During the current year, company has shown better performance and has reported a loss of only Rs. 18.66 crores, thereby showing a slight positive Debt Service Coverage Ratio.

iii. During the current year, company reported a loss of Rs. 18.66 crores as against a loss of Rs.280.82 crores during the previous year. Therefore Return on Equity Ratio is negative for both the years but has improved during the current year.

iv. During the current year, the net sales has increased by Rs.472.43 crores. However the working capital during the current year is Rs.8.76 crores as against a negative working capital of Rs.288.52 during the previous year on account of sales tax payable. This has resulted in huge variation in the Capital turnover ratio as reported above.

iv. During the current year, company reported a loss of Rs.18.66 crores as against a loss of Rs.280.82 crores during the previous year whereas the net sales has increased by Rs.472.43 crores thus resulting in Net profit ratio as reported above.

v. EBIT during the current year is Rs.59.99 crores as against a loss of Rs.184.20 crores during the previous year. Capital employed has increased by Rs.269.68 crores. Therefore Return on Capital Employed shows improvement as reported above.

45 Other statutory information

a. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

c. The Company has not traded or invested in Cryptocurrency or Virtual Currency during the year ended March 31, 2022.

d. The Company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

e. The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

f. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

g. The Company do not have any transactions with companies struck off.

h. The Company has not been declared as a Wilful Defaulter by any bank or financial institution or Government or any Government authority.

i. The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks on the basis of security of current assets. The company is not required to file quarterly returns/statements with such banks. Workings capital loans/Overdraft availed by the company are partially secured against fixed deposits.

j. The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company subject to note no. 12.1 of the financial statement.

k. The company has not revalued its Property, plant and equipment during the year.

46 The Code on Social Security, 2020 and Code on Wages, 2019 relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code have been published in the Gazette of India. However, the date from which the Code will come into effect has not been notified. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will need to assess the impact of the above. The impact will be recorded in the first period after the Codes become effective.

47 Uncertainty relating to the global health pandemic on COVID-19:

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and suggested guidelines for containment and mitigation worldwide. As the operations of the company have been affected in the short term, the management expects some slide in revenue. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March, 2022. The Company has assessed the recoverability of the assets including investments, property plant and equipment, inventories and has made necessary adjustments to the carrying amounts by recognising provisions / impairment of assets where necessary. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy.

48 Previous year figures have been regrouped and classified wherever necessary to conform to the current year presentation.

As per our report of even date attached

For M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants
(FRN No. 001488S)

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQD7450

For and on behalf of the Board of Directors

Sd/-
Yogesh Gupta IPS
Chairman & Managing Director
DIN: 01299829

Sd/-	**Sd/-**	**Sd/-**
Anoop Sathyapalan	**Pramod M. V.**	**Abhilash C.U.**
Director	**Director**	**Company Secretary**
DIN: 03399884	**DIN: 10264341**	**M. No. A53689**

Place: Thiruvananthapuram
Date: 21.02.2024

सत्यमेव जयते

OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II) KERALA, THIRUVANANTHAPURAM

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF KERALA STATE BEVERAGES (MANUFACTURING AND MARKETING) CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022.

The preparation of financial statements of **Kerala State Beverages (Manufacturing and Marketing) Corporation Limited** for the year ended **31 March 2022** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated **21 February 2024**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kerala State Beverages (Manufacturing and Marketing) Corporation Limited** for the year ended **31 March 2022** under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON PROFITABILITY

Statement of Profit and Loss of the year ended March 31, 2022
Tax expenses - ₹9.20 crore.

The above does not include ₹155.02 crore being the additional income tax pertaining to the Assessment Year 2016-17, which was adjusted by the Income Tax Department from the refund due to the Company for the Assessment Year 2017-18 pursuant to an order (dated 03 January 2022) of Hon'ble Supreme Court of India on a dispute between the Company and the Income Tax Department.

The Company, however, did not recognize the tax expenses in the accounts in line with the Ind AS 10 – 'Events after the Reporting Period', As a result, 'Tax expenses' is understated by ₹155.02 crore with corresponding understatement of 'Loss for the year' by the same amount.

B. Comments on Independent Auditor's Report:

The Statutory Auditor has issued a Qualified Opinion on the financial statements of the Corporation. However, no reference has been made on the Tax Expense of ₹155.02 crore (as mentioned above). Further, it has been mentioned that subject to the qualifications mentioned in its Independent Auditor's Report, the financial statements give a true and fair view. However, in view of the financial impact of the tax expense of ₹155.02 crore and its consequent effect in increasing the reported loss of ₹18.66 crore to more than eight times (i.e. ₹173.68 crore), the sustainability of true and fair view is doubtful.

For and on behalf of
The Comptroller and Auditor General of India

S SUNIL RAJ
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II)
KERALA

Thiruvananthapuram
Dated: 20.06.2024

REPLY TO THE COMMENTS OF C&AG u/s 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENT OF KSBC FOR THE YEAR ENDED 31ST MARCH 2022.

The company has no pending demand for the Assessment Year (AY) 2016-17, nor has the Income Tax authority issued any demand notice claiming Rs. 155.02 crores for that year. Consequently, the company believes that provisioning for an amount adjusted by the department against a non-existent demand does not align with its accounting policies.

With respect to AY 2017-18, in compliance with the Supreme Court's directive, the appeal before the CIT(A) was settled, and the Assessing Officer processed the refund on 28.06.2023, resulting in a refund of Rs. 207.22 Crores (including interest of Rs. 25.42 Crores). As of 31.10.2023, Rs. 40.13 Crores of this refund was credited to the Company's bank account. Despite multiple queries from the company to the Income Tax department regarding the remaining Rs. 167.09 crores, no response was received initially. Subsequently, in December 2023, challans were generated on the Income Tax portal indicating an adjustment of the balance Rs. 167.09 Crores towards outstanding tax demands, including Rs. 12.07 Crores for AY 2015-16 and Rs. 155.02 Crores for AY 2016-17. Notably, the company had not been informed of any such demands. The company presumes that these adjustments were based on the assessing officer's initial assessment, which was overturned by the CIT Appeals order resulting in the refund of Rs. 480.29 crores for AY 2016-17, as validated by the High Court and Supreme Court rulings. It should be noted that once the CIT Appeals order is implemented, any demand from the original assessment becomes null. Therefore, the company believes that the adjusted amounts represent extinguished demands, making the company eligible for the refund. The company has sought clarification from the income tax department regarding the details of this adjustment due to the absence of any documented demand.

Similarly, the appeal for AY 2016-17 was resolved in accordance with the Supreme Court's decision, and the Assessing Officer issued a giving effect order on 28.06.2023, resulting in a refund of Rs. 480.29 Crores (including interest of Rs. 100.36 Crores). Had there been an actual demand for this AY, it would have been considered during the Assessing Officer's giving effect order. Moreover, a legitimate demand requires supporting documentation, and mere adjustment of a refund does not constitute a demand. Therefore, without proper documentation supporting a liability of Rs. 155.02 crores, prudent accounting practices do not warrant provisioning for such an amount. Incorporating a non-existent demand in the financial statements would misrepresent the company's true financial position.

In accordance with IND AS 10, "Events After the Reporting Date," the company has recorded relevant accounting entries based on the Assessing Officer's giving effect order. Additionally, under IND AS 37, "Provisions, Contingent Liabilities and Contingent Assets," provisions are recognized only when there is a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, with the amount reliably estimable. Given the remote likelihood of an outflow related to the alleged income tax demand of Rs. 155.02 crores for AY 2016-17, the company has opted not to recognize a provision. However, this adjustment has been disclosed in the notes to the financial statements for FY 2021-22 and for better presentation, as a contingent liability in the financial statements for FY 2022-23.

The statutory auditor had concurred with the company's accounting treatment, and the company maintains that provisioning for the aforementioned adjustment of Rs. 155.02 crores would distort the true and fair view of its financial position.

Now vide letter No. ITBA/COM/F/17/2014-25/1066370344(1) dated 03.07.2024 the Income Tax department has admitted that the adjustment of Rs. 155.02 crores for AY 2016-17 was a technical mistake and that they would rectify the same through an order u/s 154 and issue refund along with 244A interest, thereby confirming that the non-provisioning of the demand adjustment of Rs. 155.02 crores by the company is in order.

In the above circumstances the Company is of the view that the observation “sustainability of true and fair view is doubtful” is against facts and circumstances and accepted practices, principles and accounting standards.