ANNUAL REPORT & AUDIT REPORT

2022 – 2023

KERALA STATE BEVERAGES
(Manufacturing & Marketing)
CORPORATION LIMITED
THIRUVANANTHAPURAM

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

BOARD OF DIRECTORS From April 2022 - March 2023

Sl.No.	Name	From	To
1	S Aananthakrishnan IPS	19/06/2019	Continuing
2	Suresh Kumar S	23/07/2021	13/04/2022
3	Rathan U Kelkar IAS	18/09/2021	28/03/2023
4	S Syam Sundar IPS	06/10/2021	18/07/2022
5	Mohammed Y Saffirulla K IAS	12/11/2021	27/07/2022
6	Dileep Kumar T I	13/04/2022	Continuing
7	Yogesh Gupta IPS	18/07/2022	Continuing
8	S Anoop	27/07/2022	Continuing
9	Patil Ajit Bhagwatrao IAS	04/01/2023	Continuing

COMPANY SECRETARY : SHRI. ABHILASH C.U.

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

BANKERS

1. Canara Bank
2. Bank of Baroda
3. Yes Bank
4. District Treasury
5. Federal Bank
6. City Union Bank
7. State Bank of India
8. Union Bank of India
9. Indian Bank
10. Catholic Cyrian Bank
11. ICICI Bank
12. Punjab National Bank
13. HDFC Bank

WAREHOUSES

1. Nedumangadu
2. Menamkulam
3. Attingal
4. Balaramapuram
5. Kollam
6. Kottarakara
7. Pathanamthitta
8. Thiruvalla
9. Alappuzha
10. Kottayam
11. Ayarkunnam
12. Thodupuzha
13. Thripunithura
14. Kadavanthra
15. Perumbavoor
16. Aluva
17. Chalakkudy
18. Thrissur
19. Palakkad
20. Perinthalmanna
21. Kozhikode
22. Nadavannur
23. Menonpara
24. Wayanad
25. Kannur
26. Battathur

KSBC FL – 1 SHOPS – LOCATIONS

ATTACHED TO NEDUMANGADU WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
1	Power House	01011
2	Pazhavangadi	01013
3	Vattiyoorkavu	01017
4	Nettayam Mukkola	01018
5	Nedumangadu	01030
6	Vattappara	01031
7	Vithura	01032
8	Vembayam	01035
9	Palode	01036
10	Aryanad	01037

ATTACHED TO MENAMKULAM WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
11	Pettah	01015
12	Kovalam	01022
13	Mannanthala	01024
14	Ulloor	01025
15	Kazhakkuttom	01026
16	Mangalapuram	01027
17	Sreekaryam	01028
18	Pothencode	01029

ATTACHED TO ATTINGAL WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
19	Kallara	01034
20	Chirayinkeezhu	01039
21	Varkala	01040
22	Kilimanoor	01041
23	Kallambalam	01042
24	Nilakkamukku	01043

ATTACHED TO BALARAMAPURAM WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
25	Parassala	01001
26	Kaliyikkavila	01002
27	Vellarada	01003
28	Neyyattinkara	01005
29	Mukkola	01006
30	Balaramapuram	01007
31	Thirupuram	01008
32	Kattakkada	01009
33	Malayinkeezhu	01010
34	Killippalam	01021
35	Punnakulam	01045

ATTACHED TO KOLLAM WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
36	Kollam	02001
37	Kundara	02002
38	Kavanad	02003
39	Punthalathazham	02004
40	Chinnakkada	02007
41	Eravipuram	02009
42	Anchalummood	02010
43	Kottiyam	02013
44	Parippally	02014
45	Chavara	02017
46	Oyoor	02023
47	Nedumancavu	02029

ATTACHED TO KOTTARAKKARA WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
48	Kottarakkara	02022
49	Valakom	02024
50	Chadayamangalam	02025
51	Kadakkal	02026
52	Ezhukon	02027
53	Puthoor	02028
54	Punalur	02031
55	Pattazhi	02032
56	Kunnikkode	02033
57	Thenmala	02034
58	Anchal	02036
59	Ayoor	02037
60	Yeroor	02038
61	Madathara	02039

ATTACHED TO PATHANAMTHITTA WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
62	Sasthamcottah	02021
63	Pathanapuram	02030
64	Old Pathanamthitta	03001
65	Kannankara PTA	03003
66	Kulanada	03005
67	Kidangoor	03006
68	Konni	03007
69	Ranni	03008
70	Chittar	03009
71	Perunadu	0310
72	Adoor	03014
73	Pandalam	03015
74	Kodumon	03016

ATTACHED TO THIRUVALLA WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
75	Karunagapally	02016
76	Oachira	02018
77	Mallappally	03011
78	Thiruvalla	03012
79	Podiyadi	03013
80	Eraviperur	03017
81	Edathua	04013
82	Thakazhy	04016
83	Chengannoor	04017
84	Mannar	04018
85	Kollakadavu	04019
86	Mavelikara	04020
87	Kattachira	04021
88	Edappon	04022
89	Kayamkulam	04025

ATTACHED TO ALAPPUZHA WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
90	Aroor	04001
91	Thuravoor	04002
92	Cherthala	04003
93	Cherthala	04004
94	Muhamma	04005
95	Mullakkal	04008
96	Kalavoor	04011
97	Alappuzha	04012
98	Nedumudi	04015
99	Harippad	04023
100	Thrikkunnapuzha	04024

ATTACHED TO KOTTAYAM WAREHOUSE

Sl.No.	SHOP LOCATION	FL1 No.
101	Changanasserry	05002
102	Chingavanam	05011
103	Kottayam	05012

Sl.No.	PLACE	Shop No.
104	Kottayam, Near KSRTC	05013
105	Nagambadam	05015
106	M L Road	05017
107	Gandhi Nagar	05020
108	Old Boat Jetty	05021
109	Kuravilangad	05023
110	Vaikkom	05031
111	Peruva	05032
112	Kaduthuruthi	05033
113	Thalayolapparambu	05034
	ATTACHED TO AYARKUNNAM WAREHOUSE	
114	Karukachal	05001
115	Poonjar (Thengana)	05003
116	Manimala	05004
117	Kanjirapally	05008
118	Erumely	05009
119	Kottayam Paika	05014
120	Pallikkathodu	05019
121	Uzhavoor	05025
122	Palai	05026
123	Ramapuram	05028
124	Erattupetta	05030
125	Walladie	06028
126	Vandiperiyar	06029
127	Kumali	06030
	ATTACHED TO THODUPUZHA WAREHOUSE	
128	Thodupuzha	06001
129	Thodupuzha	06002
130	Karimanoor	06004
131	Moolamattam	06006
132	Thadiyampadu	06007
133	Munnar	06009
134	Munnar	06010
135	Kunjithanni	06012
136	Kovilkadavu	06015
137	Rajakkad	06016
138	Nedumkantam	06017
139	Pooppara	06018
140	Rajakumari	06019
141	Baison Valley	06020
142	Kattappana	06021
143	Anakkara	06022
144	Upputhura	06027
	ATTACHED TO THRIPUNITHURA WAREHOUSE	
145	Kadavanthara	07007
146	Pachalam	07008
147	Shanmugham Road	07010
148	Lizy Junction	07012
149	Thrippunithura	07017
150	Thrippunithura	07018
151	Karuvelippadi	07023
152	Fort Cochi	07024
153	Palluruthi	07025
154	Piravam	07047
	ATTACHED TO KADAVANTHRA WAREHOUSE	
155	Edappally	07005
156	Kaloor	07006
157	Vytilla	07009
158	Pipe Line Junction	07013
159	Padivattom	07015
160	Thoppumpady	07022
161	Pandikkudi	07026
	ATTACHED TO PERUMBAVOOR WAREHOUSE	
162	Manjapra	07035
163	Perumbavoor	07036
164	Kuruppampadi	07037
165	Kolenchery	07039
166	Muvattupuzha	07051
167	Kothamangalam	07053
168	Kothamangalam	07054
169	Pothanikad	07055
	ATTACHED TO ALUVA WAREHOUSE	
170	Koonanthai	07016
171	Cherrai	07029
172	Aluva	07031
173	Alangad	07032
174	Athani	07033
175	Puthenkurisu	07038
176	Kezhakkambalam	07040
177	North Parur	07042
178	Vadakkekkara	07043
179	Kavilnada	07045
180	Elanji Town	07048
181	Ramamangalam	07049
	ATTACHED TO CHALAKKUDY WAREHOUSE	
182	Ankamali	07030
183	Puthenvelikkara	07044
184	Kaippamangalam	08017
185	Kodali	08018
186	Irinjalakkuda	08019
187	Amballoor	08020
188	Kodakara	08021
189	Chalakkudy	08022
190	Koratty	08023
191	Melir	08032
	ATTACHED TO THRISSUR WAREHOUSE	
192	Thrissur	08001
193	Thrissur	08002
194	Thrissur	08003
195	Mannuthy	08004
196	Thrissur (S.T.)	08005
197	Poothole	08007
198	Kokkala	08008
199	Manorama	08010
200	Cherpu	08011
201	Oloor	08012
202	Thirur	08013
203	Kaiparambu	08014
204	Vadanappally	08028
205	Edamuttam	08030
206	Mullassery Canal	08031
	ATTACHED TO PALAKKAD WAREHOUSE	
207	Palakkad	09006
208	Palakkad	09007
209	Palakkad	09008
210	Palakkad	09013
211	Kongad	09016

Sl.No.	PLACE	Shop No.
212	Pathirippala	09017
213	Kolappully	09019
214	Koppam	09021
215	Cherupulassery	09022
216	Sreekrishnapuram	09023
217	Mannarcadu	09029
218	Kalladikode	09030
	ATTACHED TO MENONPARA WAREHOUSE	
219	Chittor – MNPRA	09001
220	Koduvazhiyoor - MNPRA	09004
221	Walayar – MNPRA	09014
222	Puthussery – MNPRA	09015
223	Alathur – MNPRA	09025
224	Vadakancheri – MNPRA	09026
225	Mangalam Dam - MNPRA	09027
226	Kuzhalmannom – MNPRA	09028
227	Menonpara – MNPRA	09031
	ATTACHED TO PERINTHALMANNA WAREHOUSE	
228	Ponnani	10001
229	Edappal	10002
230	Thirur	10003
231	Perinthalmanna	10006
232	Malappuram	10008
233	Manjeri	10010
234	Nilambur	10012
235	Edakkara	10013
	ATTACHED TO KOZHIKODE WAREHOUSE	
236	Feroke	11001
237	Ramanattukara	11002
238	Kozhikode	11003
239	Karikkamkulam	11006
240	Kozhikode (YMCA Cross Road)	11008
241	Eranjipalam	11011
242	Kunnamangalam	11012
	ATTACHED TO NADUVANNUR WAREHOUSE	
243	Thiruvambadi	11013
244	Payyoli	11017
245	Perambra	11019
246	Vadakara	11020
	ATTACHED TO WAYANAD WAREHOUSE	
247	Vythiri	12001
248	Sulthan Battery	12005
249	Pulpally	12007
250	Ambalavayal	12008
251	Mananthavadi	12009
252	Panamaram	12011
	ATTACHED TO KANNUR WAREHOUSE	
253	Thalassery	13001
254	Koothuparambu	13003
255	Pazhayangadi	13006
256	Pilathara	13007
257	Kannur	13009
258	Kannur Town	13010
259	Kannur	13011
260	Pudhiyatheruvu	13012
261	Chakkarakkallu	13013
262	Payannur	13016
263	Sreekandapuram	13019
	ATTACHED TO BATTATHUR WAREHOUSE	
264	Kumbala	14001
265	Kasargode	14002
266	Kasargode	14003
267	Badiyadukka	14005
268	Manjeswaram	14006
269	Kanjangad	14008
270	Nileshwar	14009
271	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-1/AGM39/2023-24 07/09/2023

To

All Shareholders

NOTICE

NOTICE is hereby given that the Adjourned 39th Annual General Meeting of the Members of Kerala State Beverages (Manufacturing & Marketing) Corporation Limited will be held on Saturday, the 30th day of September, 2023 at 3.00 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 ended 31st March, 2023.**
2. **Declaration of Dividend for the year 2022-23.**
3. **Fixation of remuneration of Statutory Auditor for the year 2023-24.**

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

Sd/-
CHAIRMAN & MANAGING DIRECTOR

Place: Trivandrum
Date: 07/09/2023

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)

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Phone : 2724970, 2724913, Fax : 2727604, E-mail: itd@ksbc.co.in
(CIN: U15549KL1984SGC003927)

No. KSBC/SEC-1/39/2024-25 02.09.2024

All Shareholders

NOTICE

Ref: KSBC/SEC-1/39/2024-25 dtd: 23.07.2024

Further to the above referred notice, this is to inform that Adjourned 39th 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 2.45 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 2022-23.**

   To receive, consider and adopt the audited financial statement for the year ended 31.03.2023 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.

2. **Declaration of Dividend for 2022-23.**

   To declare a final dividend @ 200% of the paid up equity capital as on 31/03/2023 as recommended by the board.

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)

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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 03.04.2024

DIRECTORS' REPORT

To

THE SHAREHOLDERS

The Board of Directors have pleasure in presenting the XXXIX Annual Report of the business and operations of the Company together with the Financial Statement for the year ended 31st March, 2023.

1 HIGHLIGHT OF ACTIVITIES

The activities of the Company during the year under review saw major financial reforms and modernization of all its facets of operations.

Gross sale of the Company during 2022-23 was Rs.18,510.99 crores as against Rs.14,576.25 crores for the previous year 2021-22. Quantity-wise details of sales for the current year and previous year are as follows:

(Number of cases in lakhs)

Particulars	FY 2022-23	FY 2021-22
IMFL	221.38	181.03
Beer/Wine	113.62	86.31
FMFL/FMW	0.61	0.35

Liquor purchases were made to the tune of Rs.2184.86 crores (previous year Rs.1617.95 crores). The company has shown profit after tax adjustment during the year for an amount of Rs.103.37 crores as against the loss of Rs.18.66 crores in the previous year. Thus the Company made a major turnaround in its financial results as the Company had reported losses continuously for 3 years (2019-20, 2020-21 and 2021-22).

2 FINANCIAL RESULTS

The summary of financial operations of the Corporation for the year 2022-23 and 2021-22 is given below:

(Rupees in Crores)

	Particulars	2022-23	2021-22
A	**INCOME**		
	Revenue From Operations (Gross Sales & other Operating Revenue)	18,653.28	14,693.66
	Other Income (Interest Income etc.)	150.33	153.21
	TOTAL INCOME	**18,803.61**	**14,846.87**
B	**EXPENSES**		
	Liquor Purchases (after trade Discount)	2,181.82	1,615.84
	Changes in Inventory	-148.35	37.44
	Contribution to State Exchequer (ST, ED, IF, TOT, Kist, Gallonage fee etc.)	16,152.74	12,717.09
	Administrative and Other expenses	446.40	474.16
	Depreciation and amortisation expenses	13.94	10.42
	Provisions	5.28	1.38
	TOTAL EXPENSES	**18,651.83**	**14,856.33**

(Rupees in Crores)

	Particulars	2022-23	2021-22
C	PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATION	151.78	(9.46)
	Tax Expense	48.41	9.20
D	PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATION	103.37	(18.66)

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)			
	2022-23	2021-22	Increase/ Decrease	% Increase/ Decrease
Sales Tax	12,863.91	10,146.45	2,717.46	27%
TOT	930.25	736.11	194.14	26%
Excise Duty	2,331.51	1,811.85	519.66	29%
Gallonage Fee	1.43	1.16	0.27	23%
License Fee	0.26	0.23	0.03	13%
Kist	10.96	10.8	0.16	1%
Import Fee	14.42	10.49	3.93	37%
TOTAL	**16,152.74**	**12,717.09**	**3,435.65**	**27%**

Increase : Rs. 3,435.65 crores

% Increase : 27 %

4 DIVIDEND

The Company had incurred losses during the year 2021-22, hence, the Directors have decided not to declare the dividend for the year 2021-22. During the year 2022-23, the company reported after tax profit of Rs.103.37 crores and Dividend @ 200% is recommended during the year.

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 Company conducted its Wholesale business from 26 FL-9 Warehouses (3 opened during the year) 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 commitments.

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 has a robust Internal Audit Wing & functions under continuous statutory supervision and regulation of Excise Authorities. The Company during the year implemented ERP system for online accounting of sales at its warehouse and shops which ensures quick reconciliation with Bank Accounts. For stock verification purpose, the Company engaged external professional CA firm for better control and independence.

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 31.03.2023 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 2022-23, an amount of Rs 0.99 Crores was spent towards CSR activities as prescribed under schedule VII, of the Companies Act 2013.

17 BOARD OF DIRECTORS

A) Change in Directors and Key Managerial Personnel

Appointment of Directors

Shri. Yogesh Gupta IPS

Shri. Patil Ajit Bhagwatrao IAS

Shri. Dileep Kumar T I

Shri. S Anoop

Cessation of Directors

Shri. Dr. Rathan U Kelkar IAS

Shri. S Syamsundar IPS

Shri. Mohammed Y Safirulla IAS

Shri. Suresh Kumar S

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 Six numbers of Board 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:** Shri. Yogesh Gupta IPS – 0.39 crores Shri. Syam Sundar IPS – 0.08 crores Shri. John Joseph (CS) – 0.24 crores Shri. Abhilash CU (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 FINANCIAL REFORMS AND MODERNIZATION

The Company during last one year has put into practice the scientific inventory management system where in there is optimum utilization of the warehouse space and minimization of carrying cost by considering the transit period, storage capacity, likely sales, demand from customer etc. Replenishment of stock to the FL-01-shops is being systematized through online monitoring of sales and stock. The above system gives proper picture of brand wise requirements of stocks in each and every Fl-01-shops and provides effective platform for sales analysis. Hence there is minimal blocking of sales collection/funds at the Fl-01-shops. Also, in the present scientific Inventory Management System, there is an automatic check on slow moving and non-moving items and replenishment of only fast-moving items.

The Company switched over to complete ERP system during the FY 2022-23. Now different stake holders can indent online and get required reports online at their own convenience. The need for visiting of the Warehouses is reduced to the tune of lifting of loads only. Customers can indent online and collect the indented items without standing in queue.

The company also strengthened its financial system and devised an advanced Fund Management Scheme. Based on the new Fund Management system, Banks were approached and company succeeded in negotiating highly favourable terms for availing loan and as such Company was able to generate additional income by optimum deployment of funds based on scientific linear equation.

29 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.

30 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. The Deputy Commissioner has stated that the refund application is kept in abeyance since the demand raised for the periods 2015-16 to 2017-18 is more than the refund claimed thereby indicating that there is only a deferment of refund. Since the letter was received on 29-12-23, being an event occurring after Balance Sheet date, we have recognized the interest receivable as an asset by crediting the Profit & Loss A/c.

g. The company has received the Government letter according sanction to adjust the excess differential excise duty of Rs.39.90 crores remitted to Excise Department as advance Excise duty for purchase of liquor based on which company has recognized the same as an asset by crediting Excise Duty expense and the company is of the opinion that the verification of the correctness of amount as specified in the Government letter is just a procedural compliance.

h. 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.

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

j. Noted and efforts will accordingly be made.

k. 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 31.03.2023.

l. 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. Noted.

n. Noted for future compliance.

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

p. 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.

q. Financial statements for the year ended 31.03.2022 will be adopted in the AGM after audit by C & AG is completed.

r. Company is having quantitative particulars of Dead stock identified and destroyed during the year. Regarding reconciliation of purchases, same is noted and action is being taken. The erstwhile software which allowed scope for erroneous feeding by units has been done away with and complete reconciliation of stock in ERP is done.

s. The Company is of the belief that the impact of matters commented under para (f) and (g) are correctly done in the accounts of the company and hence there is no overstatement as commented.

t. 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.

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

31 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.

32 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/-

03.04.2024 **YOGESH GUPTA IPS**

Thiruvananthapuram **CHAIRMAN & MANAGING DIRECTOR**

KRISHNAMOORTHY & KRISHNAMOORTHY
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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 2023, 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 31st, 2023, its profit 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. On the absence of information, the impact due to such non-compliance 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. 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, 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) We refer to note no. 19.5(a) in the financial statements regarding the recognition of Interest on Sales Tax under the head “Other Income” (Note no. 29), amounting to Rs. 61.15 crores. The company computed the excess sales tax interest paid during the period July 2019 to July 2021 and submitted a refund application with the Deputy Commissioner of State Goods & Services Tax Department. In response to the company's refund application, the Deputy Commissioner of State Goods & Services Tax Department stated that the application would be kept in abeyance until the company remits the outstanding demand as per earlier assessment orders for the financial years 2015-16 to 2017-18. Since the department has not accepted the refund amount submitted by the company and the assessment relating to the period July 2019 to July 2021 is not yet commenced, recognition of Rs. 61.15 crores as Interest on Sales Tax under the head “Other Income" is not in line with the accounting policy followed by the company. This has resulted in overstatement of Interest on Sales Tax (Note no. 29) and Balances with government authorities (Note no. 19) by Rs. 61.15 Crores.

g) We refer to note no. 19.5(b) in the financial statements regarding the recognition of Rs. 39.90 Crores as receivable from excise department by crediting excise duty expense. Based on the company’s request, the Government vide letter No.83/A3/2019/TD dated 17.09.2022, had accorded sanction to adjust the excess differential excise duty remitted by the Company against the excise duty advance, subject to verification of the correctness of the amount by the Excise Commissioner. However, no such order/approval has been issued by the Excise Commissioner. This has resulted in the understatement of Excise duty expense and overstatement of Balances with government authorities (Note no. 19) by Rs. 39.90 Crores.

h) Amount of trade payable as stated in Note no. 25, EMD & Security Deposit as stated in Note no. 26 and Excise Duty Retained from Suppliers as stated in Note no. 27 of financial statements are subject to confirmation and reconciliation. Pending such confirmation/reconciliation, the impact thereof on the financial statements is not ascertainable.

i) 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.

j) 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.

k) The company measures its closing inventory at the landed cost as published in the latest price list, which was last revised on 16.02.2023. 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.

l) Liability for Gratuity and Leave Encashment determined based on 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. The company ought to have actuarially valued the liability on account of Gratuity and Leave Encashment. In the absence of such valuation, the impact, if any, on the financial statement is not quantifiable.

m) During the previous year, the number of employees as per the actuarial valuation report and the actual number of employees as on 31.03.2022 could not be reconciled. Additionally, the company had not considered the effect of salary revision when providing the data to actuary. During the current year, these issues were rectified when providing the data to actuary. However, the impact of this was recognised in the current year instead of restating the previous year’s figures. In the absence of adequate information, the impact of the above on Provisions for Gratuity and Leave Encashment, Employee benefits expense and Other Comprehensive income could not be quantified.

n) We refer to Note no. 24 and Note no.16 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. 500 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. As per Section 186 of the Companies Act, 2013 read with Notification issued vide G.S.R 463(E) dated. 05-06-2015, for providing intercorporate loan, the company is required to either obtain prior approval by way of special resolution in the general meeting or approval from the government department administratively in charge of the company. However, the company, instead of obtaining prior approval, ratified in its extra-ordinary general meeting held on 15.03.2024 the borrowings from commercial banks to mobilise funds for providing intercorporate loans to Kerala Social Security Pension Limited.

o) 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.

p) The company has not disclosed ageing schedule with respect to the trade payables due for payment as per the requirement in Division 11 - Ind AS Schedule III to the Companies Act 2013.

q) We draw attention to the fact that the financial statements for the previous year ending 31.03.2022 are pending adoption by the Annual General Meeting (AGM) of the company. As a result, our audit opinion is based on the financial statements as presented by management and does not incorporate any adjustments that may arise from the AGM's adoption of the financial statements.

r) The company has not provided the reconciliation of dead stock identified and destroyed during the year. Additionally, the reconciliation of purchases recorded during the year in the "Brilliant Manager" application system and the books of account has not been provided. Pending such reconciliations, the impact thereof on the financial statements is not ascertainable.

s) The impact of the matters listed in paragraphs (f) and (g) above has resulted in the overstatement of the profit for the year and other equity of the company by Rs. 101.05 crores. Accordingly, in the Statement of Profit and Loss, profit before tax and profit for the year ought to have been Rs. 50.73 crores and Rs. 2.32 crores respectively as against the currently reported profit before tax and profit for the year of Rs. 151.78 crores and 103.37 crores respectively. The “Total Comprehensive income for the period” ought to have been an expense of Rs. 1.67 crores as against the currently reported income of Rs.

99.38 crores. The basic and diluted EPS for the year ought to have been Rs. 464. 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) Except for the matter described in the basis for Qualified Opinion paragraph, the Financial Statements dealt with by this report are in agreement with the books of account;

d) Except for the effects of the matters 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 39 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 2018-19 is in accordance with section 123 of the Act read with Notification issued vide G.S.R 463(E) dated. 05.06.2015 to the extent it applies to payment of dividend.

The company has not declared any dividend during the financial year 2022-23 and hence the compliance of Section 123 of the Act to the extent it applies to declaration of dividend is not applicable.

The Board of Directors of the Company have proposed final dividend for the financial year 2022-23 which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

(vi) 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, 2023.

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: 24238467BKFIQJ7604

Place: Thiruvananthapuram
Date: 03.04.2024

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 2023.

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) Subject to our qualification in paragraph (r) of basis for qualified opinion section of our report, 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	500
Balance outstanding as at balance sheet date in respect of above cases	
To parties other than subsidiaries, joint venture and associates	500

(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.500 crores and balance outstanding as at 31.3.2023 is Rs.500 crores) is prejudicial to the company's interest due to the reasons as stated in our qualification in paragraph (n) of basis for qualified opinion section of our report.

(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:

Name of the Entity	Amount (Rs. In Crores)	Due date	Date of payment	Extent of delay (in days)	Remarks, if any
Kerala Social Security Pension Limited	1.32	05-08-2022	23-08-2022	18	Interest payments
	1.32	05-09-2022	23-09-2022	18	
	1.21	05-10-2022	21-10-2022	16	
	1.32	05-11-2022	24-11-2022	19	
	1.21	05-12-2022	23-12-2022	18	
	1.32	05-01-2023	23-01-2023	18	
	1.40	05-02-2023	23-02-2023	18	
	1.05	05-03-2023	23-03-2023	18	

Name of the Entity	Amount (Rs. In Crores)	Due date	Date of payment	Extent of delay (in days)	Remarks, if any
Rehabilitation Plantation Limited	0.09	31-03-2020	Not yet paid		Interest payments
	0.11	30-06-2020			
	0.11	30-09-2020			
	0.11	31-12-2020			
	0.11	31-03-2021			
	0.11	30-06-2021			
	0.11	30-09-2021			
	0.11	31-12-2021			
	0.11	31-03-2022			
	0.11	30-06-2022			
	0.11	30-09-2022			
	0.11	31-12-2022			
	0.11	31-03-2023			

(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.1.30 crores (being interest) as at 31st March 2023. 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	-	500 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) We refer to para (n) of basis for qualified opinion section of our report regarding non-compliance of 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 31.03.2023, Rs.0.52 crores payable towards Provident Fund, Rs.0.01 crores payable towards Abkari Workers Welfare Fund, Rs.0.03 crores payable towards TDS liability, Rs.0.04 Crores towards Sales tax 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 to us 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:

<table>
<tr><th>Sl. No.</th><th>Financial Year</th><th>Nature of Due</th><th>Disputed Amount (in Rs. Crores)</th><th>Disputed Forum</th></tr>
<tr><td>1</td><td>2011-12</td><td>Income Tax</td><td>1.58</td><td>CIT (A)</td></tr>
<tr><td>2</td><td>2013-14</td><td>Income Tax</td><td>0.02</td><td>CIT (A)</td></tr>
<tr><td rowspan="5">3</td><td>2014-15</td><td>Income Tax</td><td>7.61</td><td>CIT (A)</td></tr>
<tr><td>2015-16</td><td>Income Tax</td><td>22.51</td><td rowspan="4">The company is in the process of filing an appeal, and the time limit to file the appeal has not expired.</td></tr>
<tr><td>2016-17</td><td>Income Tax</td><td>1.7</td></tr>
<tr><td>2017-18</td><td>Income Tax</td><td>2.32</td></tr>
<tr><td>2021-22</td><td>Income Tax</td><td>2.61</td></tr>
</table>

Sl. No.	Financial Year	Nature of Due	Disputed Amount (in Rs. Crores)	Disputed Forum
4	01.07.2003 to 31.03.2006 & 01.04.2006 to 31.03.2007	Service Tax Demand	378.36	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 2021	GST	9.32	The Commissioner (Appeals), Central Taxes & Central Excise, Cochin
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

Sl. No.	Financial Year	Nature of Due	Disputed Amount (in Rs. Crores)	Disputed Forum
17	2007-14	Provident Fund	19.77 (Net of 0.50 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.500 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) The Company has incurred cash losses of Rs.10.76 Crores during the immediately preceding financial year but has not incurred any cash loss during the current financial year. Cash loss has been calculated after considering the effect of the qualifications mentioned in the basis for qualified opinion section of our report. The effect of unquantified qualifications has not been considered in the calculation of cash loss.

(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: 24238467BKFIQJ7604

Thiruvananthapuram
Date: 03.04.2024

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 2023 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, 2023.

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, purchase, 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, Goods and Services Tax and TDS on 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, 2023, 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 2023, 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: 24238467BKFIQJ7604

Thiruvananthapuram
Date: 03.04.2024

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 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: 24238467BKFIQJ7604

Thiruvananthapuram
Date: 03.04.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

BALANCE SHEET AS AT MARCH 31ST, 2023

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	34.23	35.91
(b) Capital work-in-progress	6	1.57	2.07
(c) Other Intangible assets	5	3.83	2.42
(d) Financial Assets			
(i) Investments	7	4.60	5.36
(ii) Loans	8	5.00	5.00
(iii) Other financial assets	9	2.46	3.73
(e) Non-current tax assets (net)	10	192.26	656.81
(f) Deferred Tax Assets (net)	11	26.39	42.81
(g) Other non-current assets	12	19.95	29.78
		290.29	**783.89**
Current assets			
(a) Inventories	13	571.13	422.79
(b) Financial Assets			
(i) Cash and cash equivalents	14	154.80	138.84
(ii) Bank balances other than (i) above	15	608.10	361.14
(iii) Loans	16	500.05	1,000.05
(iv) Other financial assets	17	22.82	20.60
(c) Current Tax Assets (Net)	18	558.45	-
(d) Other current assets	19	185.94	98.77
		2,601.29	**2,042.19**
Total Assets		**2,891.58**	**2,826.08**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	20	5.00	5.00
(b) Other Equity	21	873.47	774.09
		878.47	**779.09**
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	22	-	1.25
(b) Provisions	23	10.52	7.31
Current Liabilities		**10.52**	**8.56**
(a) Financial Liabilities			
(i) Borrowings	24	1,166.79	1,300.00
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	25	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		417.54	388.74
(iii) Other financial liabilities	26	218.37	136.75
(b) Other current liabilities	27	199.89	212.94
		2,002.59	**2,038.43**
Total Equity and Liabilities		**2,891.58**	**2,826.08**

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

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

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQJ7604

Sd/-
Mahipal Yadav IPS
Director
DIN: 06979243

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: 03.04.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31ST, 2023

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended 31.03.2023	For the year ended 31.03.2022
Income			
Revenue from operations (including excise duty)	28	5,789.37	4,547.21
Other Income	29	150.33	153.21
Total Income		**5,939.70**	**4,700.42**
Expenses			
Purchase of Stock-in-Trade	30	2,181.82	1,615.84
Changes in inventories	31	-148.35	37.44
Excise duty expenses		2,331.51	1,811.85
Import duty expenses		14.42	10.49
Employees benefits expense	32	266.95	231.36
Finance costs	33	40.35	89.72
Depreciation and amortisation expense	34	13.94	10.42
Other expenses	35	1,087.28	902.76
Total Expenses		**5,787.92**	**4,709.88**
Profit/(Loss) before tax		**151.78**	**-9.46**
Tax Expense			
Current Tax		27.44	4.22
Tax for earlier years	37	5.55	-
Deferred Tax		15.42	4.98
		48.41	**9.20**
Profit/(Loss) for the year		**103.37**	**(18.66)**
Other comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		-3.99	-
Income tax relating to items that will not be reclassified to statement of profit or loss		-	-
Total other comprehensive income for the year		**-3.99**	**-**
Total Comprehensive Income for the year		**99.38**	**(18.66)**
Earnings per equity share of Rs. 1000 each			
Basic and Diluted EPS (Rs.)	36	20,674	(3,732)

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

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

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Hariprasad B.	**Mahipal Yadav IPS**	**Anoop Sathyapalan**	**Pramod M. V.**	**Abhilash C. U.**
Partner (M. No. 238467)	Director	Director	Director	Company Secretary
UDIN: 24238467BKFIQJ7604	DIN: 06979243	DIN: 03399884	DIN: 10264341	M. No. A53689

Place: Thiruvananthapuram
Date: 03.04.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31ST, 2023

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Cash Flow From Operating Activities		
Profit before tax	151.78	-9.46
Adjustments for:		
Depreciation and amortisation expense	13.94	10.42
(Profit)/ Loss on sale of fixed asset	-0.01	-
Provision for Receivables	5.28	1.38
Fair Value changes of investments considered to profit and loss	0.76	0.75
Interest received	-82.64	-109.32
Interest paid	40.35	89.72
Change in operating assets and liabilities	**129.46**	**-16.51**
(Increase)/ decrease in Other financial assets	-1.66	0.65
(Increase)/ decrease in inventories	-148.34	37.71
(Increase)/ decrease in Other assets	-176.51	319.11
Increase/ (decrease) in provisions and other liabilities	66.35	-913.76
Increase/ (decrease) in trade payables	28.80	16.21
Cash generated from operations	-101.90	-556.59
Less : Income taxes paid (net of refunds)	-31.99	-4.22
Net cash from/ (used in) operating activities (A)	**-133.89**	**-560.81**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	-12.88	-7.53
Sale proceeds of PPE (including changes in CWIP)	-0.01	-
(Investments in)/ Maturity of fixed deposits with banks	-246.96	182.73
Interest income	83.33	118.45
Net cash from/ (used in) investing activities (B)	**-176.52**	**293.65**
Cash Flows From Financing Activities		
Proceeds/(Repayment) of short term borrowings	-302.60	-50.00
Inter corporate loan (granted)/Repayment	500.00	-
Dividend on equity shares	-	-10.00
Interest and other borrowing costs	-40.42	-87.96
Net cash from/ (used in) financing activities (C)	**156.98**	**-147.96**
Net increase (decrease) in cash and cash equivalents (A+B+C)	**-153.43**	**-415.12**
Cash and cash equivalents at the beginning of the financial year	-211.16	203.96
Cash and cash equivalents at end of the year	-364.59	-211.16

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	37.50	39.08
Balances with banks:		
(i) In current accounts	96.38	61.32
(ii) In Treasury savings accounts	5.99	18.11
(iii) Term deposits with original maturity of less than three months	10.65	17.79
(iv) Funds in Transit	4.28	2.54
	154.80	**138.84**
Less: Bank overdraft used for cash management purposes	-519.39	-350.00
Cash and cash equivalents in the statement of cash flows	**-364.59**	**-211.16**

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

As per our report of even date attached

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

For and on behalf of the Board of Directors

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

Sd/-
Hariprasad B.
Partner (M. No. 238467)
UDIN: 24238467BKFIQJ7604

Sd/-
Mahipal Yadav IPS
Director
DIN: 06979243

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: 03.04.2024

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31ST, 2023

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

A. Equity Share Capital

As at 01.04.2022	Changes in equity share capital during the year	As at 31.03.2023
5.00	-	5.00
As at 01.04.2021	**Changes in equity share capital during the year**	**As at 31.03.2022**
5.00	-	5.00

B. Other Equity *₹ in Crores*

	General Reserve	Other comprehensive income	Retained Earning	Total
Balance as at April 1, 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**
Profit/(Loss) for the year	-	-	103.37	103.37
Add other comprehensive income for the year	-	-3.99	-	-3.99
Less Dividends	-	-	-	-
Balance as at March 31st 2023	**191.21**	**-7.44**	**689.70**	**873.47**

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/-
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DIN: 10264341

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

Place: Thiruvananthapuram
Date: 03.04.2024

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, 2023 were approved by the Board of Directors on April 03, 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, 2022:

a. 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 did not have any impact on the financial statements.

b. 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 statement of profit and 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 did not have any impact on the financial statements.

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

The amendments specify 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 adoption of amendments to Ind AS 37 did not have any material impact on the financial statements.

d. Amendment 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 adoption of amendments to Ind AS 109 did not have any material impact on the financial statements.

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, inspite 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 the below conditions are met.

(a) the risk and rewards of ownership is transferred to the buyer, usually on delivery of goods

(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. The impairment loss recognized in the prior accounting period is reversed. If there has been a change in the estimate of the recoverable amount.

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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement spares / major inspection relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost of Assets not available for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

(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 SLM 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 SLM 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.

Foreign exchange transactions are recorded in functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary items denominated in foreign currencies at the year end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the statement of Profit and Loss.

(i) Taxes

Current income tax

Current income 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 assets.

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 while 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

The 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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Amendments to Ind AS 1, Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The adoption of amendments to Ind AS 1 is not expected to have any material impact on the financial statements.

Amendments to Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The adoption of amendments to Ind AS 8 is not expected to have any material impact on the financial statements.

Amendments to Ind AS 12, Income Taxes

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The adoption of amendments to Ind AS 12 is not expected to have any material impact on the financial statements.

Kerala State Beverages (Manufacturing & Marketing) Corporation Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2023

(All amounts are in Crores of Indian Rupees, unless otherwise stated)

4. Property, Plant and Equipment

Particulars	Gross carrying amount				Depreciation				Net carrying Value
	As at 01.04.2022	Additions	Sales/ Adjustments	As at 01.04.2023	As at 01.04.2022	For the year	Sales/ Adjustments	As at 31.03.2023	As at 31.03.2023
Freehold Land	2.84	-	-	2.84	-	-	-	-	2.84
Building	11.03	-	-	11.03	2.72	0.40	-	3.12	7.91
Furniture & Fittings	6.75	1.98	-	8.73	4.34	0.86	-	5.20	3.53
Electrical Fittings	3.14	0.20	-	3.34	2.30	0.18	-	2.48	0.86
Office Equipments	37.44	9.19	-	46.63	16.24	11.99	-	28.23	18.40
Vehicles	1.40	0.59	0.11	1.88	1.09	0.21	0.11	1.19	0.69
	62.60	**11.96**	**0.11**	**74.45**	**26.69**	**13.64**	**0.11**	**40.22**	**34.23**

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**

5 Other Intangible assets

₹ in Crores

Particulars	Gross carrying amount				Amortisation				Net carrying Value
	As at 01.04.2022	Additions	Sales/ Adjustments	As at 01.04.2023	As at 01.04.2022	For the Year	Sales/ Adjustments	As at 31.03.2023	As at 31.03.2023
ERP Software	3.44	1.71	-	5.15	1.02	0.30	-	1.32	3.83
	3.44	**1.71**	**-**	**5.15**	**1.02**	**0.30**	**-**	**1.32**	**3.83**

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 31.03.2023	As at 31.03.2022
Capital work-in-progress (Refer note no. 6.1)	1.57	2.07
Total	**1.57**	**2.07**

6.1 Capital work in progress comprises various pending works at different warehouses, such as the construction of mezzanine floor etc., amounting to Rs.1.57 crores. The cost of POS billing machines for retail outlets, amounting to Rs.2.07 crores, which was shown as capital work in progress during FY 2021-22, has been capitalized this year upon its installation.

6.2 Capital work-in-progress ageing schedule for the year ended March 31st, 2023

₹ 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	1.57	-	-	-	1.57

6.3 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

7 Non-current investments

₹ in Crores

Particulars	As at 31.03.2023	As at 31.03.2022
Unquoted investment in equity shares		
Financial instruments at FVTPL		
Investment in Kannur International Airport Ltd.	4.60	5.36
8,06,000 equity shares (March 31, 2022: 8,06,000 equity shares) of Rs. 100 each, fully paid up.		
Total	**4.60**	**5.36**

7.1 Total non-current investments

₹ in Crores

Particulars	As at 31.03.2023	As at 31.03.2022
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	3.46	2.70

7.2 Impairment in value of investments

₹ in Crores

Particulars	As at 31.03.2023	As at 31.03.2022
Opening Balance	2.70	1.95
Add: Current year impairment in value of investments	0.76	0.75
Closing Balance	**3.46**	**2.70**

8 Loans

₹ in Crores

Particulars	As at 31.03.2023	As at 31.03.2022
Loans Receivables considered good - Unsecured		
Loan to Rehabilitation Plantation Limited (Refer note 8.1)	5.00	5.00
Total	**5.00**	**5.00**

8.1 During the financial year 2019-20, the company granted a loan of Rs.5 Crores to Rehabilitation Plantation Limited (RPL) as per the direction from the Government of Kerala at an interest rate of 8.35% pa. As per the terms of agreement, the loan is subjected to a five year moratorium from the date of disbursement with repayment in five equal annual installments. Interest is due on the outstanding principal amount on last day of every quarter. Since RPL failed to meet its obligation of timely interest payment, the company sent a letter to RPL to take necessary action to pay the overdue interest along with a penal interest.

9 Other Financial Assets - Non Current ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
Bank deposits with remaining maturity more than 12 months	0.01	-
Security deposits	2.45	3.73
Total	**2.46**	**3.73**

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

Particulars	As at 31.03.2023	As at 31.03.2022
Non-current tax assets (net) (Refer note no. 10.1)	192.26	656.81
Total	**192.26**	**656.81**

10.1 The Non-current tax assets (net) for the current year represents the income tax refund receivable (net of provision for respective years) for the AY 2017-18, AY 2019-20, AY 2021-22 and AY 2023-24. Refer note no. 18.2 for details with respect to AY 2017-18.

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

Particulars	As at 31.03.2023	As at 31.03.2022
Deferred Tax Liability	-	-
Deferred Tax Asset in relation to:		
Property, Plant and Equipment	4.24	(2.34)
Disallowance u/s 40(a)(ia)	0.01	0.03
Disallowances made u/s 43B of the Income Tax Act	0.07	0.07
Provison for Doubtful Advances suppliers	6.10	4.77
Unabsorbed Depreciation and carry forward loss	15.97	40.28
Total	**26.39**	**42.81**

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

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, considered good		
Net defined benefit asset (Refer note 43)	9.23	15.81
Capital advances	0.05	0.05
Advance for purchase of land (Refer note 12.1)	4.00	4.00
Disputed PF deposit (Refer note 39.2 B)	5.69	5.69
Prepaid Rent	0.13	0.29
Prepaid expenses (Refer note 12.2)	0.85	3.94
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	**19.95**	**29.78**

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 represents:

i. AMC for ERP: Prepaid AMC relating to ERP project amounting to Rs.0.85 crores (Previous Year: 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.

ii. Prepaid expense (Non Current) with respect to KIST and License Fee for the current year is Nil (Previous year: Rs. 3.51 Crores).

12.3 Rs.2.77 crores is 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 the company has 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 which 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 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 amounting 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 31.03.2023	As at 31.03.2022
Inventories are valued at or net realisable value		
Finished products	570.39	422.04
Stores & Consumables	0.74	0.75
Total	**571.13**	**422.79**

13.1 Finished products does not include unsaleable stock as on 31.03.2023 (valued at current year purchase price plus duties) of Rs.16.75 Crores (Previous Year Rs.27.33 crores). The value of stock that has become unsaleable during the year valued at current year purchase price and duties is Rs.12.71 Crores (Previous year Rs.38.92 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 31.03.2023	As at 31.03.2022
Cash on hand	37.50	39.08
Balances with banks:		
(i) In current accounts	96.38	61.32
(ii) In treasury savings accounts	5.99	18.11
(iii) Term deposits with original maturity of less than three months	10.65	17.79
(iv) Funds in Transit (Refer note 14.1)	4.28	2.54
Total	**154.80**	**138.84**

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 respective subsequent year.

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

Particulars	As at 31.03.2023	As at 31.03.2022
Term Deposits with banks (due to mature within 12 months of the reporting date)	608.10	361.14
Total	**608.10**	**361.14**

15.1 Term deposit disclosed under note no.14 and 15 includes a sum of Rs.456.90 Crores (PY: Rs.375 Crores) held under lien as security towards working capital loan/overdraft borrowed from the banks and Rs.3.67 Crores (PY: Rs.3.82 Crores) held under lien as security towards bank guarantee.

16 Loans ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
Loans Receivables considered good - Unsecured		
Loan to K S S Pension Ltd. (Refer note 16.1)	500.00	1,000.00
Staff Advances	0.05	0.05
Loans Receivables considered doubtful – Unsecured		
Staff Advances	0.09	0.09
Less: Allowances for Doubtful Loans	(0.09)	(0.09)
Total	**500.05**	**1,000.05**

16.1 Out of the intercorporate loan of Rs.1,000 crores given to Kerala Social Security Pension Limited @8.05%, a sum of Rs.500 crores was repaid on 06.07.2022 and the balance of Rs.500 crores was renewed for 6 months at the same ROI.

Thereafter on 05.01.2023, the loan of Rs.500 crores was renewed for further 6 months @8.50% and this is outstanding as on 31.03.2023. The company granted the intercorporate loan as per Government direction.

17 Other Financial Assets - Current ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
Interest Receivable on Fixed Deposit and Loan	19.85	20.54
Others (Refer note 17.1)	2.97	0.06
Total	**22.82**	**20.60**

17.1 Other Financial Assets – Others includes:

a). Treasury Accounts of the company includes Rs.0.03 crores (PY: Rs.0.06 crores) being accounts opened in the names of officers/employees. Company has taken steps for the closure of these accounts.

b). At the inception of the ERP software, the licensees were required to remit the amount through an online payment module. However, due to technical problems in the order placement processing, the company received an amount that was Rs. 0.33 crores less than the original invoice amount. This shortfall was collected during FY 2023-24 and is included in Other Financial Assets (Current).

c). Company paid an amount of Rs.2.02 crores as advance to Malabar Distilleries Limited as per government direction for obtaining water connection and towards supervision charges of proposed IMFL plant. As on 31.3.2023, Rs. 1.73 crores remains outstanding after adjusting Deadstock destruction charges payable to them.

d). During the year, the company had entered into an agreement with Central Warehousing Corporation (CWC) to lease 3 godowns for the purpose of opening warehouses at Edathala, Kakkancherry and Thalassery. The agreement with CWC was made in March 2022. The agreement was contingent upon CWC providing necessary infrastructure for opening and operating the warehouses. However, due to non-compliance with this condition, the company could not utilize the space and the Excise department also did not provide license for these godowns. Consequently, the company intimated CWC to terminate the agreement, leading to CWC raising a demand for the violation of terms & conditions of the agreement. The Company had intimated CWC to reimburse the amount of Rs.0.88 crores already paid to them as security deposit and rent. This amount is shown as Receivable from CWC. Additionally, due to the company incurring losses from the non-commencement of business activities in the premises, the company demanded an interest rate of 12% per annum on the refundable amount. However, this interest is not recognized in the books of accounts.

18 Current Tax Assets (Net) ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
Current Tax Assets	558.45	-
Total	**558.45**	**-**

18.1 The income tax assets (net) represents the income tax refund receivable (net of provision for respective years) for the AY 2016-17 to 2018-19.

18.2 The total demand involved for the 5 assessment years from 2014-15 to 2018-19, wherein the applicability of Sec. 40(a)(iib) was the subject matter and which were under dispute, was Rs. 2479.52 crores. Against this, the Income Tax Department had appropriated from the bank accounts of the Company, through section 226 garnishee proceedings, an amount of 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 had 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 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 2020-21 & 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 (including interest of Rs. 100.36 Crores), Rs.207.22 Crores (including interest of Rs.25.42 Crores) and Rs.197.47 Crores (including interest of Rs. 33.66 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 respectively. However, for AY 2017-18, a refund of only Rs.40.13 Crores was received in the bank account on 31.10.2023 and the balance amount of Rs.167.09 Crores was adjusted by the Income Tax Department as adjustment towards outstanding tax demand, of which Rs.12.07 Crores was adjusted towards AY 2015-16 and Rs.155.02 Crores was adjusted towards AY 2016-17 (Rs.167.09 crores is disclosed as contingent liability in Note 39.1). The company has raised a query with the income tax department to provide details of this adjustment as no such demand exists. The refund amount (excluding interest) pertaining to AY 2016-17 to 2018-19 received during the financial year 2023-24 is disclosed as Current Tax Assets (Net).

19 Other current assets ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
Unsecured, considered doubtful		
Advance to suppliers (Refer note 19.1)	17.12	11.85
Excise Duty Advance	0.04	0.04
Funds Receivable (Refer note 19.2)	0.65	0.65
Other Advances (Refer note 19.3)	3.02	3.02
Less: Allowance for Doubtful advances	(20.83)	(15.56)
Unsecured, considered good		
Security deposits & EMD	0.05	0.05
Prepaid expenses (Refer note 19.4)	12.45	12.84
Balances with government authorities (Refer note 19.5)	161.92	76.35
Cash Discount accrued	6.34	6.23
Other Advances	5.18	3.30
Total	**185.94**	**98.77**

19.1 Balances in sundry creditors account as on 31.3.2023 shows a debit balance of Rs. 17.12 crores (PY: 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 financial year 2022-23 Provision for receivables was created to the extent of Rs.5.27 (PY: Rs.1.29) crores towards debit balance in Sundry Creditors Account.

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

19.3 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 has been filed before the Assistant Registrar of Co-operative Societies, Thrissur.

19.4 Prepaid expenses includes:

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 89.85 crores was adjusted up to 31.03.2023 as KIST, License Fee and interest on late payment of Differential excise duty and the balance to be adjusted amounts to Rs.3.35 crores. Out of the total KIST/License fee of Rs.11.30 crores pertaining to FY 2023-24, Rs.7.95 crores was remitted on 31/03/2023 net off the unadjusted balance of Rs.3.35 crores. Thus the total amount of Rs.11.30 crores pertaining to KIST/License Fee is included in prepaid expenses (current assets).

19.5 Balances with government authorities includes:

(a) Due to the Income Tax attachment during the financial year 2018-19, the company faced an acute shortage of funds which affected fund balance of the company. As a result, payment of Sales tax was delayed every month from March 2019 until July 2021. During this period, the company 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 based on the diminishing balance but on the total sales tax due, resulting in an excess payment of interest. To avoid default in filing monthly returns and interest for delays in filing the same, the company was forced to remit the Interest generated by the system. Upon completion of provisional assessment for the period March 2019 to June 2019 under KGST Act 1963, the department allowed a refund of Rs.3.96 crores, which was recognized as receivable during FY 2019-20. The assessment for the period from July 2019 onwards has not yet commenced. In response to the refund application filed by the company, the Deputy Commissioner of State Goods & Services Tax Department stated that the refund application would be kept in abeyance until the company remits the outstanding demand as per earlier assessment orders for the period FY's 2015-16 to 2017-18 (Refer note 39.2D for details). The Company is of the view that since an appeal has been filed against these outstanding demands and it is certain that it is entitled to the refund and the delay is only temporary pending disposal of assessments of previous years, the remaining interest of Rs.61.15 crores is recognized as receivable by crediting Interest on Sales Tax under the head "Other Income" during FY 2022-23. Thus, the total interest receivable of Rs.65.10 crores 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.

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 vide letter No.83/A3/2019/TD dated 17.09.2022 had accorded sanction to adjust the same against the future Excise duty subject to verification of the correctness of the amount by Excise Commissioner. During the FY 2022-23, company recognised Rs. 39.90 crores as receivable from excise department by crediting excise duty expense.

Hence, the total amount of Excise duty receivable from government as on 31.03.2023 is Rs. 47.56 crores which is included in Balance with Government Authorities and disclosed under Other Current Assets.

(c) During the financial year 2022-23 an amount of Rs. 0.10 Crores (PY: Rs.0.08 crores) has been resumed to Government account from the special TSB account of KSBC Ltd as on 31.03.2023 and the same is yet to be refunded. The amount is included in Balance with Government authorities and disclosed under - Other Current Assets.

(d) An amount of Rs. 30.55 Crores (Excise duty - Rs. 29.98 Crores + Import Fee – Rs. 0.57 Crores) has been paid as Advance duty to the Excise Department for the Permits issued to the suppliers during 2022-23 and not executed as on 31.03.2023. The amount is included in Balance with Government authorities and disclosed under - Other Current Assets.

(e) Advance Excise Duty amounting to Rs.17.29 crores (Previous year – Rs.10.42 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.

20 Equity Share Capital ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
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**

20.1 Reconciliation of number of equity shares subscribed ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
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**

20.2 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.

20.3 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.

20.4 Details of shares held by promoters

Promoter Name	As at 31.03.2023		As at 31.03.2022	
	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*

20.5 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.

21 Other Equity

₹ in Crores

Particulars	As at 31.03.2023	As at 31.03.2022
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)	(3.45)
Movement during the year	(3.99)	-
Balance as at the end of the year	**(7.44)**	**(3.45)**
c) Retained Earning		
Balance as at the beginning of the year	586.33	614.99
Add: Profit/(Loss) for the period	103.37	(18.66)
Less: Dividend (PY: FY 2018-19)	-	(10.00)
Balance as at the end of the year	**689.70**	**586.33**
Total	**873.47**	**774.09**

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

Particulars	2022-23	2021-22
Dividends on equity shares paid	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)		
Dividends on equity shares declared	-	10.00
(PY: for the year ended 31st March 2019 - Rs.2,000 per equity share)		
Proposed cash dividend for the year	10.00	-
(for the year ended 31st March 2023 - Rs.2,000 per equity share	-	-

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

Particulars	As at 31.03.2023	As at 31.03.2022
Employee related liabilities (Refer note no. 22.1)	-	1.25
Total	**-**	**1.25**

22.1 The balance of Rs.1.25 crores of FY 2021-22 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'ble Supreme Court regarding back wages on enhancement of retirement age from 55 to 58 years. This amount has been paid to employees on 14.07.2023 and is therefore disclosed as Employee related liabilities (Current) in Note no. 26.

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

Particulars	As at 31.03.2023	As at 31.03.2022
(a) Provision for employee benefits		
(i) Provision for compensated absences (Refer note 43)	10.52	7.31
Total	**10.52**	**7.31**

24 Borrowings *₹ in Crores*

Particulars	As at 31.03.2023	As at 31.03.2022
From Banks (Secured)		
Working Capital Loan/Overdraft – Federal Bank	10.10	37.50
Working Capital Loan/Overdraft – SBI	124.30	225.00
Working Capital Loan/Overdraft – Canara Bank	112.50	112.50
Overdraft – Bank of Baroda	99.94	-
Overdraft – CSB Bank	9.90	-
Overdraft – Yes Bank	100.00	-
From Banks (Unsecured)		
Working Capital Loan/Overdraft – Federal Bank	-	212.50
Working Capital Loan/Overdraft – SBI	73.10	75.00
Working Capital Loan/Overdraft – Canara Bank	636.95	637.50
Overdraft – Bank of Baroda	-	-
Overdraft – CSB Bank	-	-
Overdraft – Yes Bank	-	-
Total	**1,166.79**	**1,300.00**

24.1 The Company has availed loans from commercial banks as mentioned below.

Following are the loans availed during the financial year, which are outstanding as at 31.03.2023

i. The company has been sanctioned an overdraft facility of Rs.10.10 crores on 28.03.2023 @ 8.32% ROI from Federal Bank which is outstanding as on 31.03.2023

ii. The company has been sanctioned a working capital/overdraft facility of Rs.750 crores from SBI on 17.06.2022 out of which working capital of Rs.197.40 crores availed on 31.03.2023 @ 8.15% ROI is outstanding as on 31.03.2023. The loan is repaid on 17.04.2023.

iii. The company has been sanctioned a working capital/overdraft facility of Rs.750 crores from Canara Bank on 14.12.2022 out of which working capital loans availed during March 2023 aggregating to Rs.450 crores @ 8% ROI is outstanding as on 31.03.2023. Out of this, Rs.200 crores is repaid on 25.04.2023, Rs.150 crores on 02.05.2023 and Rs.100 crores on 03.05.2023. Also, an overdraft facility was availed on 31.03.2023 amounting to Rs.300 crores @ 8.15% ROI out of which Rs.299.45 crores is outstanding as on 31.03.2023.

iv. The company has been sanctioned an overdraft facility of Rs.500 crores on 29.10.2022 from Yes Bank @ 8.15% ROI, out of which Rs.100 crores availed on 31.03.2023 is outstanding as on 31.03.2023

v. The company has been sanctioned an overdraft facility of Rs.100 crores on 08.11.2022 @ 7.40% ROI from Bank of Baroda out of which Rs.99.94 crores is outstanding as on 31.03.2023.

vi. The company has been sanctioned an overdraft facility of Rs.9.90 crores on 31.03.2023 @ 8.20% ROI from CSB Bank which is outstanding as on 31.03.2023

Hence total outstanding borrowings as on 31.03.2023 is Rs.1,166.79 crores.

24.2 Nature of security: Overdraft facility of Rs.10.10 Crores from Federal Bank and Rs.100 crores from Bank of Baroda is secured against fixed deposit with the respective banks for the same amount. Overdraft facility of Rs. 9.90 Crores from CSB bank is secured against fixed deposit with CSB Bank of Rs.10 crores. Working Capital Loan/Overdraft of Rs. 750 Crores from SBI is secured against fixed deposit with treasury amounting to Rs.124.30 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. The company has been sanctioned an overdraft facility of Rs.500 crores with 100% margin on FD from Yes Bank out of which Rs.100 crores was availed against fixed deposit of Rs.100 crores.

25 Trade payables ***₹ in Crores***

Particulars	As at 31.03.2023	As at 31.03.2022
Outstanding dues of Micro enterprises and Small enterprises	-	-
Outstanding dues of creditors other than Micro enterprises and Small enterprises		
For Goods Supplied	417.00	388.34
For Services	0.54	0.40
Total	**417.54**	**388.74**

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

Particulars	As at 31.03.2023	As at 31.03.2022
(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.

26 Other Current Financial Liabilities *₹ in Crores*

Particulars	As at 31.03.2023	As at 31.03.2022
EMD & Security Deposit	118.84	52.26
Employee related liabilities	91.12	69.02
Interest accrued but not due on short term borrowings	2.77	2.85
Dividend Payable	-	10.00
Interest on Dividend Payable (Refer note 26.1)	0.61	-
Others	5.03	2.62
Total	**218.37**	**136.75**

26.1 Interest on dividend represents interest payable at the rate of 12% as per Section 124 of the Companies Act, 2013 for delayed payment of dividends pertaining to FY 2017-18 amounting to Rs.0.54 crores and FY 2018-19 amounting to Rs.0.07 crores.

27 Other Current Liabilities *₹ in Crores*

Particulars	As at 31.03.2023	As at 31.03.2022
Statutory Dues	172.19	188.06
Other payables	3.25	2.27
Excise Duty Retained from Suppliers	22.51	21.81
Funds Payable (Refer note no. 27.1)	1.94	0.80
Total	**199.89**	**212.94**

27.1 Amounts received at head office account but not identified with any receipt at warehouse and shops of Rs.1.94 crores (Rs.0.80 crores) is disclosed as Funds payable.

28 Revenue from operations *₹ in Crores*

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Sale of Products	5,647.08	4,429.80
Other operating revenues		
Cash Discount	133.88	110.10
Excise Fine and Various Penalties	2.70	4.17
Sale of Carton, Carry bag & Other revenues	5.71	3.14
Total	**5,789.37**	**4,547.21**

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

Gross sales of the Company during the financial year 2022-23 is Rs.18,510.99 crores as against Rs.14,576.25 crores for the previous financial year 2021-22. Sales tax paid by the Company during the financial year 2022-23 is Rs.12,863.91 crores as against Rs.10,146.45 crores for the previous financial year 2021-22. Turnover Tax paid during the financial year 2022-23 is Rs.930.25 crores as against Rs.736.11 crores paid for the previous financial year 2021-22.

29 Other Income ***₹ in Crores***

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Interest Income		
a) On Short term deposit	31.01	28.45
b) On Intercorporate Loans	51.70	80.83
c) Other Interest	0.35	0.46
Dead Stock Destruction Charges (Suppliers)	0.76	0.48
Realisation of Loss and Damages While on Duty	1.72	1.80
Other non-operating income comprises:		
Fee Received for Supplying Information (RTI)	0.02	0.03
Interest on Sales Tax (Refer note 19.5(a))	61.15	-
Interest on Income Tax Refund (Refer note 29.1)	2.13	38.80
Miscellaneous Income	1.46	0.66
Insurance Claims	0.03	1.70
Total	**150.33**	**153.21**

29.1 The Income Tax department processed tax refunds of Rs 22.68 crores (including interest of Rs.1.58 crores) pertaining to AY 2021-22 and Rs.14.16 crores (including interest of Rs.0.55 crores) pertaining to AY 2022-23 during the year under audit and the interest on these refunds are shown as "Ïnterest on income tax refund"- Rs. 2.13 crores.

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" during the FY 2021-22.

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.

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

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Purchases – Kerala	1,337.50	988.11
Purchases – Outside	764.37	589.17
Purchases – FMFL	82.99	40.67
Less: Trade Discount	-3.04	-2.11
Total	**2,181.82**	**1,615.84**

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

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Opening Balance		
Stock-in-Trade	422.04	459.48
Closing Balance		
Stock-in-Trade	570.39	422.04
Net (increase) / decrease	**-148.35**	**37.44**

32 Employee benefits expense ***₹ in Crores***

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Salaries, wages and bonus (Refer note no. 32.1)	239.37	198.92
Contribution to provident and other funds	19.42	21.56
Staff / Workmen welfare expenses	8.16	10.88
Total	**266.95**	**231.36**

32.1 Salaries, wages and bonus includes pay revision arrears amounting to Rs. 18.31 Crores (PY: Rs. 16.89 Crores).

33 Finance Cost ***₹ in Crores***

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Interest on Short Term Loan	30.90	69.45
Interest on income tax (Refer note 33.1)	9.45	20.27
Total	**40.35**	**89.72**

33.1 The Company paid the outstanding income tax demand for Assessment Year 2015-16 on November 30,2022, amounting to Rs. 98.68 crores, including Rs.9.45 crores as interest on tax, which is disclosed as interest on Income Tax under the head “Finance Cost” for the Financial Year 2022-23. Refer to note no. 29.1 for details regarding the interest on income tax related to Financial Year 2021-22.

34 Depreciation and amortisation expense ***₹ in Crores***

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Depreciation on property, plant and equipments	13.64	9.40
Amortisation of other intangible assets	0.30	1.02
Total	**13.94**	**10.42**

35 Other expenses

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Rates & Taxes	22.70	20.45
Turnover Tax (Refer note no. 35.2)	930.25	736.11
Power and fuel	3.95	2.70
Repairs and Maintenance-General	1.43	1.02
Repairs and Maintenance (Others)	0.99	0.91
Freight & Other Selling Expenses	14.17	10.37
Professional Charges	0.28	0.33
Office Expenses	3.17	2.72
Loading & Unloading Charges	28.01	21.21
Impairment in value of investments	0.76	0.75
Training program expenses	0.09	0.01
Loss on sale of Fixed Assets/Scrapped Assets	-	-
Postage, Telegram and Telephone.	0.15	0.67
Packing Materials	2.13	1.42
Cost of Excise Establishment	12.53	13.46
Security Labels Consumed	7.97	6.43
Travel and conveyance	1.98	2.07
Interest on Dividend (Refer note 26.1)	0.61	-
Insurance	1.07	1.20
Printing and stationery	4.19	2.19
Advertisement and sales promotion	0.62	0.77
Legal Charges	0.39	1.80
Rent	40.00	35.76
Watch & Ward Expenses	1.00	13.28
Interest on Delayed Statutory Payments	0.28	20.55
Labelling Charges	0.31	0.85
Payment to Auditors (Refer note no. 35.1)	0.18	0.19
Bank Charges	0.25	0.15
Provision for doubtful advances	5.28	1.38
Expenditure on Corporate Social Responsibility activities (Refer note no. 35.3)	0.99	0.40
Miscellaneous expenses	1.55	3.61
Total	**1,087.28**	**902.76**

35.1 Payment to Auditors

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
For statutory audit	0.14	0.13
Reimbursement of expenses	0.04	0.05
Others	-	0.01
Total	**0.18**	**0.19**

35.2 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 had requested the Government for refund of the amount paid to such licensees and the Government had ordered for adjustment of the amount against Excise duty/sales tax payable in future. The amount of Rs 15.06 Crores which was included under the head Balances with government authorities is now adjusted against Turnover tax expense of the company. However, since there was no option to set off this amount in the sales tax return, it was adjusted by reducing the turnover tax liability in the Sales Tax return for the month of December 2022.

35.3 **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 31.03.2023	For the year ended 31.03.2022
(i)	Amount required to be spent by the company during the year	-	-
(ii)	Amount of expenditure incurred	0.99	0.40
(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 and previous year.

36 Earnings per share

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Net Profit after tax (₹ in Crores)	103.37	-18.66
Number of Equity Shares	50,000	50,000
Basic and Diluted Earnings Per Share (EPS) (in ₹)	20,674	-3,732
Face value per equity (in ₹)	1,000	1,000

37 Income tax recognised in profit & loss

37.1 Income tax expense

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Current tax:		
Current income tax charge in Profit & Loss	27.44	4.22
Income tax relating to earlier years	5.55	-
Current income tax charge in Other Comprehensive Income	-1.00	-
Total (A)	**31.99**	**4.22**
Deferred tax:		
In respect of current year (Profit & Loss)	15.42	4.98
In respect of current year (Other Comprehensive Income)	1.00	-
Total (B)	**16.42**	**4.98**
Income tax expense recognised in the Statement of Profit and Loss (A+B)	**48.41**	**9.20**

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

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Profit before tax	151.78	(9.46)
Income tax expense calculated @ 25.168% (25.168%)	38.20	(2.38)
Effect of expenses/income that are not deductible in determining taxable profit and others	10.21	11.58
Income tax expense recognised in the Statement of Profit and Loss	**48.41**	**9.20**

37.3 Movement of deferred tax expense during the year ended March 31, 2023

₹ 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	-2.34	6.58	-	4.24
Expenses allowable on payment basis under the Income Tax Act	4.87	1.31	-	6.18
Unabsorbed Depreciation and carry forward loss	40.28	-24.31	-	15.97
Total	**42.81**	**-16.42**	**-**	**26.39**

37.4 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
Remeasurement of post employment benefit obligations under Ind AS	40.99	-0.71	-	40.28
Total	**47.78**	**-4.97**	**-**	**42.81**

38

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
Earnings in foreign currency	-	-
Expenditure in foreign currency	-	-
Value of Imports (on C.I.F basis)	-	-

39 Commitments and contingent liability

₹ in Crores

Particulars	For the year ended 31.03.2023	For the year ended 31.03.2022
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 39.1	
(b) Other contingent liabilities	Refer note 39.2	
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.

39.1 Income tax Demand under appeal

Particulars	Assessment Year (Financial Year)	Disputed Forum	Disputed Amount FY 2022-23 (in Crores)	Disputed Amount FY 2021-22 (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. 7.61 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
In line with the Apex Court order, the appeal filed for the AY 2017-18 before the CIT(A) was decided and the Assessing Officer passed giving effect order on 28.06.2023 which resulted in a refund of Rs.207.22 Crores (including interest of Rs. 25.42 Crores). A refund of only Rs. 40.13 Crores was received in the bank account on 31.10.2023 for AY 2017-18 and the balance amount of Rs.167.09 Crores was adjusted by the Income Tax Department as adjustment towards outstanding tax demand, of which Rs.12.07 Crores was adjusted towards AY 2015-16 and Rs.155.02 Crores was adjusted towards AY 2016-17. The company has raised a query with the income tax department to provide details of this adjustment as no such demand exists.	2015-16 (2014-15) 2016-17 (2015-16)	Jurisdictional Assessing Officer	167.09	-
Assessing officer issued penalty order dated 22.3.2024 u/s 271(1)(c) demanding to pay Rs. 22.51 Crores.	2016-17 (2015-16)	The Company is in the process of filing an appeal, and the time limit to file the appeal has not expired.	22.51	-
Assessing officer issued penalty order dated 22.3.2024 u/s 270A demanding to pay Rs.1.70 Crores.	2017-18 (2016-17)		1.70	-
Assessing officer issued penalty order dated 23.3.2024 u/s 270A demanding to pay Rs. 2.32 Crores.	2018-19 (2017-18)		2.32	-
The assessment for the Assessment Year (AY) 2022-23 was completed, and an assessment order dated 20.03.2024 was issued with an addition of Rs. 7.59 crores to the total income on account of Section 43B disallowance, resulting in an additional demand of Rs. 2.61 crores.	2022-23 (2021-22)		2.61	-

39.2 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 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 with the Garnishee Order and remitted an amount of Rs. 0.36 Crores and Rs. 6.96 Crores respectively to 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 before Hon'ble High Court 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 2021 for an amount of Rs.8.48 crores along with applicable interest and penalty of Rs 0.84 crores against which company had filed appeal before The Commissioner (Appeals), Central Taxes & Central Excise, Cochin on 07.03.2024 vide Acknowledgement no: AD3203240021702.

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 an appeal before Hon'ble 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. 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 Deputy Commissioner of the State Goods & Services Tax Department issued a notice dated 13.03.24 under section 17(3) of the KGST Act 1963 for the financial years 2018-19 and 2019-20, seeking clarifications for discrepancies noted between the details given in the books of accounts and returns. In response to the notice, the company provided the requisite details by appearing before the Office of the Deputy Commissioner. No further demand or order has been received regarding the same.

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.

E. 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.

F. The Commissioner of Central Excise, Trivandrum had earlier made assessment to service tax allegedly holding that the business activity of the Company would fall 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 to 31.03.2008 and 01.04.2006 to 31.03.2007 (Interest) (Order Nos.9 to 11/2010 dated: 31.03.2010) 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 Hon'ble 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.

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 408 cases pending with Hon'ble High Court of Kerala and 97 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.

39.3 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.

40 Operating lease arrangements

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

41 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 31.03.2023	As at 31.03.2022
Financial assets		
a. Measured at amortised cost		
Loans	505.05	1,005.05
Other financial assets	25.28	24.33
Cash and cash equivalents	154.80	138.84
Bank balances other than above	608.10	361.14
b. Measured at fair value through profit or loss (FVTPL)		
Investments	4.60	5.36
Financial liabilities		
a. Measured at amortised cost		
Borrowings	1,166.79	1,300.00
Trade payables	417.54	388.74
Other financial liabilities	218.37	138.00

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, 2023 ***₹ in Crores***

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Trade payables	417.54	-	-	417.54
Borrowings	1,166.79	-	-	1,166.79
Other financial liabilities	218.37	-	-	218.37

March 31, 2022 ***₹ in Crores***

Particulars	Less than 1 year	1-5 years	More than 5 years	Total
Trade payables	388.74	-	-	388.74
Borrowings	1,300.00	-	-	1,300.00
Other financial liabilities	136.75	1.25	-	138.00

₹ in Crores

Particulars	As at 31.03.2023	As at 31.03.2022
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	-	-

42 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 [w.e.f. 11.07.2022 (PY: 01.02.2021 to 05.10.2021)] Shri. Syam Sundar IPS – Managing Director (05.10.2021 to 10.07.2022) Shri. John Joseph – Company Secretary (Retd. on 30.04.2022) Shri. Abhilash C.U. – Company Secretary (w.e.f. 01.05.2022)

b) Transactions during the year

₹ in Crores

Nature of transactions	For the year ended 31.03.2023	For the year ended 31.03.2022
Salaries and allowances:		
Shri. Yogesh Gupta IPS	0.39	0.21
Shri. Syam Sundar IPS	0.08	0.13
Shri. John Joseph	0.24	0.17
Shri. Abhilash C.U.	0.17	-

**Post-employment benefits comprising gratuity and compensated absences are not disclosed, except when paid as full and final settlement, as these are determined for the Company as a whole.*

43 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.

43.1 Gratuity

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

Particulars	March 31, 2023	March 31, 2022
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)	16.5	16.3

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, 2023	March 31, 2022
Current service cost	3.78	2.94
Net interest expense	1.66	1.53
Return on plan assets (excluding amounts included in net interest expense)	-2.85	-2.78
Components of defined benefit costs recognised in profit or loss	**2.59**	**1.69**
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	3.99	0.04
Components of defined benefit costs recognised in other comprehensive income	**3.99**	**0.04**

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, 2023	March 31, 2022
Present value of defined benefit obligation	28.17	22.20
Fair value of plan assets	-37.40	-38.01
Net Liability/(Assets) arising from defined benefit obligation	**-9.23**	**-15.81**
Funded	-9.23	-15.81
Unfunded	-	-

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

Particulars	March 31, 2023	March 31, 2022
Opening defined benefit obligation	22.20	20.41
Current service cost	3.78	2.94
Interest cost	1.66	1.53
Actuarial (gains)/losses	3.63	-0.28
Benefits paid	-3.10	-2.40
Closing defined benefit obligation	**28.17**	**22.20**

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

Particulars	March 31, 2023	March 31, 2022
Opening fair value of plan assets	38.01	37.11
Interest Income	-	-
Expected return on plan assets (excluding amounts included in net interest expense)	2.85	2.78
Contributions	-	0.84
Benefits paid	-3.10	-2.40
Actuarial gains/(loss)	-0.36	-0.32
Closing fair value of plan assets	**37.40**	**38.01**

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.

43.2 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, 2023	March 31, 2022
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)	16.50	16.30

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

Particulars	March 31, 2023	March 31, 2022
Current service cost	3.42	3.09
Net interest expense	1.22	0.94
Return on plan assets (excluding amounts included in net interest expense)	-0.67	-0.69
Actuarial (gains)/losses recognised during the period	-0.17	0.94
Components of defined benefit costs recognised in profit or loss	**3.80**	**4.28**
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	**3.80**	**4.28**

The amount included in the balance sheet is as follows: *₹ in Crores*

Particulars	March 31, 2023	March 31, 2022
Present value of defined benefit obligation	19.51	16.27
Fair value of plan assets	-8.99	-8.96
Net liability/(Asset) arising from defined benefit obligation	**10.52**	**7.31**
Funded	10.52	7.31
Unfunded	-	-

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

Particulars	March 31, 2023	March 31, 2022
Opening defined benefit obligation	16.27	12.59
Current service cost	3.42	3.09
Interest cost	1.22	0.94
Actuarial (gains)/losses	-0.23	0.86
Benefits paid	-1.17	-1.21
Closing defined benefit obligation	**19.51**	**16.27**

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

Particulars	March 31, 2023	March 31, 2022
Opening fair value of plan assets	8.96	9.26
Interest Income	-	-
Expected return on plan assets (excluding amounts included in net interest expense)	0.67	0.70
Contributions	0.59	0.29
Benefits paid	-1.17	-1.21
Actuarial gains/(loss)	-0.06	-0.08
Closing fair value of plan assets	**8.99**	**8.96**

44 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.

45 Ratios:

Ratio	Numerator	Denominator	31-Mar-23	31-Mar-22	% change
(a) Current Ratio	Current assets	Current liabilities	1.30	1.00	29.66%
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	1.33	1.67	-20.40%
(c) Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	4.80	0.88	444.21%
(d) Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.03	-0.01	-630.33%
(e) Inventory Turnover Ratio	Cost of goods sold	Average Inventory	1.02	0.94	9.25%
(f) Trade Receivables Turnover Ratio	Net Sales	Average Accounts Receivable	NA	NA	NA
(g) Trade Payables Turnover Ratio	Net Purchases	Average Trade Payables	1.35	1.06	27.49%
(h) Net Capital Turnover Ratio	Net Sales	Working Capital	9.67	1,209.36	-99.20%
(i) Net Profit Ratio	Net Profit	Net Sales	0.02	-0.00	-535.11%
(j) Return on Capital Employed	Earning before interest and taxes	Capital Employed	0.09	0.03	209.77%
(k) Return on Investment	Income generated from invested funds	Time weighted average investments (excluding investment in subsidiaries)	-0.14	-0.12	15.51%

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

i. Current ratio has increased by 29.66% due to increase in current tax assets to the tune of Rs.558.45 crores as compared to previous year.

ii. During the current year, company has shown good performance and has reported a profit of Rs.103.37 crores as against a loss of Rs.18.66 crores during the previous year, thereby showing a higher positive Debt Service Coverage Ratio.

iii. During the current year, company reported a profit of Rs.103.37 crores as against a loss of Rs.18.66 crores during the previous year resulting in an improvement in the Return on Equity Ratio during the current year.

iv. Trade Payables Turnover ratio has shown an increase due to the increase in purchase to the tune of Rs.565.98 crores.

v. During the current year, the net sales has increased by Rs.1242.16 crores. However, the working capital during the current year is Rs.598.70 crores as against Rs.3.76 crores during the previous year on account of current tax asset. This has resulted in decline in the Capital turnover ratio as reported above.

vi. During the current year, company reported a profit of Rs.103.37 crores as against a loss of Rs.18.66 crores during the previous year whereas the net sales has increased by Rs.1242.16 crores thus resulting in Net profit ratio as reported above.

vii. EBIT during the current year is Rs.182.68 crores as against Rs.59.99 crores during the previous year. Capital employed has decreased by Rs.35.24 crores. Therefore Return on Capital Employed shows improvement as reported above.

46 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, 2023.

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.

47 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.

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
(Firm Registration No. 001488S)

For and on behalf of the Board of Directors

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

Sd/-
Mahipal Yadav IPS
Director
DIN: 06979243

Sd/-
Hariprasad B.
Partner (Membership No. 238467)
UDIN: 24238467BKFIQJ7604

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: 03.04.2024

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 2023.

The preparation of financial statements of **Kerala State Beverages (Manufacturing and Marketing) Corporation Limited** for the year ended **31 March 2023** 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 **03 April 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 2023** 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.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Thiruvananthapuram
Dated: 23.07.2024

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