

39th Annual Report 2018-19



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.
C/2, NAYAPALLI, BHUBANESWAR -12.

39th Annual Report 2018-19



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

CIN - U51211OR1980SGC000894

TEL : 0674-2395391, 2394956, FAX : 0674-2395291

Website : www.oscsc.in

STATUTORY AUDITORS

**M/s. GNS & ASSOCIATES
CHARTERED ACCOUNTANTS**
M-27, Madhusudan Nagar, Unit-IV
Bhubaneswar - 751001
Ph-674-395256, Fax : 674-2395257
E-mail : gnsbbsr@gmail.com

OUR BANKERS

State Bank of India
Allahbad Bank
Bank of India
Union Bank of India
UCO Bank
Central Bank of India
Indian Bank
Corporation Bank
Canara Bank
Punjab & Sind Bank
Indian Overseas Bank
Odisha Gramya Bank
Utkal Gramya Bank
NABARD
OSCB
Axis Bank



Contents

SUBJECTS	PAGE No.
Notice	01-02
List of Share Holders	03
List of Directors	04
Activity and Performance	05-06
Share Holders Name & Distinctive Numbers of Equity Shares Allotted	07-08
Director's Report	09-16
Statutory Auditor's Report & Replies of Management	17-182
Comment's of C&AG & Replies of Management	183-185
Annual Accounts	
Balance Sheet	186
Profit and Loss	187
Note - 1 - Significant Accounting Policies	188-189
Note - 2 - Notes on Accounts	190-193
Note - 3.1 - Share Capital	194
Note - 3.2 - Reserves & Surplus	195
Note - 4.1 - Other Long Term Liabilities	196
Note - 5.1 - Short Term Borrowings	197
Note - 5.2 - Trade Payables	198
Note - 5.3 - Other Current Liabilities	199-200
Annex to Note 5.3(A) - Control Account	201-202
Note - 5.4 - Short Term Provisions	203
Note - 6 - Schedule of Fixed Assets	204
Note - 7.1 - Non-Current Investments	205
Note - 8.1 - Inventories	206
Note - 8.2 - Trade Receivables	207
Note - 8.3 - Cash & Cash Equivalent	208
Note - 8.4 - Short Term Loans and Advances	209
Note - 8.5 - Other Current Assets	210-211
Note - 9 - Revenue From Operations - Sales	212
Note - 10 - Other Income	213
Note - 11 - Change in Inventories	214
Note - 12 - Purchase of Stock in Trade	215
Note - 13 - Trade Expenses	216
Note - 14 - Procurement Expenses	217
Note - 15 - Employee Benefit Expenses	218
Note - 16 - Finance Cost	219
Note - 17 - Administrative & Other Expenses	220-221
Stock Statement	222
Cash Flow Statement	223
Delay Report	224



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

(A Govt. of Odisha Undertaking)

Regd. Office : C/2, NAYAPALLI, BHUBANESWAR -12.

CIN No. : U51211OR1980SGC000894

Tel No.-0674-2395391, Fax No.-0674-2395291, Website : www.oscsc.in

File No. Secy - 08/2019

No.129/MD

Dt.16.02.2022

NOTICE

To

All Share Holders

Odisha State Civil Supplies Corporation Ltd.

Notice is hereby given that the Adjourned 39th Annual General Meeting of Odisha State Civil Suppliers Corporation Ltd. will be held at the Registered Office of the Company at C/2, Nayapalli, Bhubaneswar - 751012 on Monday, 14th March, 2022 at 11 A.M. to transact the following business.

ORDINARY BUSINESS

To receive, consider and adopt the Audited Financial Statements of the Corporation comprising Balance Sheet as on 31st March, 2019 and Profit and Loss Account for the year ended 31st March, 2019 along with all its annexure and schedules forming an integral part of accounts and the Reports of the Board of Directors and Auditors thereon and comments of the Comptroller and Auditor General on the said Financial Statements and replies of the Management thereon.

By order the Board of Directors

Sd/-

(R.K. Kar)

Company Secretary

Memo No.130/MD, Dt.16.02.2022

- i. Copy forwarded to All Directors of OSCSC Ltd.
- ii. M/s GNS & Associates, Statutory Auditor, M-27, Madhusudan Nagar, Unit-IV, Bhubaneswar

By order of the Board of Directors

Sd/-

(R.K. Kar)

Company Secretary

Note:

A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective must be received by the company at its registered office not less than 48 hours before the meeting.



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

(A Govt. of Odisha Undertaking)

Regd. Office : C/2, NAYAPALLI, BHUBANESWAR -12.

CIN No. : U51211OR1980SGC000894

Tel No.-0674-2395391, Fax No.-0674-2395291, Website : www.oscsc.in

Secy-08/2019

No.173/MD

Date:22.03.2022

To

All Share Holders,
Odisha State Civil Supplies Corporation Ltd.

Sub:- Forwarding minutes of Adjourned 39th Annual General Meeting.

Ref: This office letter No.129/MD, dt.16.02.2022

Sir,

I am directed to send herewith the minutes of Adjourned 39th Annual General Meeting of the Shareholders of Odisha State Civil Supplies Corporation Ltd. held on 14.03.2022 at 11 A.M. in the registered office of the Corporation at C/2, Nayapalli, Bhubaneswar, duly approved by the Chairman of the meeting for your kind perusal.

Yours faithfully,

Sd/-

(R. K. Kar)

Company Secretary

Enclosed - Minutes of Adjourned 39th General Meeting.

Memo No.174/MD Dt.22.03.2022

- I. Copy forwarded to All Directors of OSCSC Ltd.
- ii. Copy forwarded to M/s GNS & Associates, Statutory Auditor, M-27, Madhusudan Nagar, Unit -IV, Bhubaneswar

Sd/-

(R. K. Kar)

Company Secretary



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

List of the Share Holders:

1.	Secretary F.S. & C.W. Department, Govt. of Odisha, Bhubaneswar.
2.	Secretary to Govt., Finance Department, Govt. of Odisha, Bhubaneswar.
3.	Additional Secretary to Govt., P & C Department Govt. of Odisha, Bhubaneswar.
4.	Additional Secretary to Govt., FS & CW Department Govt. of Odisha, Bhubaneswar.
5.	Managing Director, OSCSC Ltd. Govt. of Odisha, Bhubaneswar.
6.	Deputy Secretary to Govt., Finance Department Govt. of Odisha, Bhubaneswar.
7.	Deputy Secretary to Govt., P & C Department Govt. of Odisha, Bhubaneswar.
8.	FA to Govt., FS & CW Department Govt. of Odisha, Bhubaneswar.
9.	FA to Govt., P & C Department Govt. of Odisha, Bhubaneswar.
10.	Addl. Secretary to Govt., Finance Department Govt. of Odisha, Bhubaneswar.



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

List of Directors in the Board of O.S.C.S.C LTD.

[As on 26-05-2022]

1.	Sri Vir Vikram Yadav, IAS Chairman/Principal Secretary to Govt. FS & CW Deptt., Odisha, Bhubaneswar	Chairman
2.	Sri Shubham Saxena, IAS Managing Director Odisha State Civil Supplies Corporation Ltd. Odisha, Bhubaneswar	Managing Director
3.	Sri Bijaya Kumar Jena, OFS (SAG) FA-Cum-Addl. Secy to Govt. FS & CW Deptt., Odisha, Bhubaneswar	Director
4.	Sri Janmejy Jena, OFS (SSG) FA & CAO, OSCSC Ltd.	Director
5.	Sri Rajib Sekhar Sahoo Chartered Accountant SRB & Associates, IDCO Tower, Janapath, Bhubaneswar	Independent Director
6.	Sri Samson Moharana, Professor (Retd.) GA-127, Niladri Vihar, Po- Sailashree Vihar, Bhubaneswar - 751021	Independent Director
7.	Sri B. B. Mohapatra, IAS (Retd.) Plot No. S-5/22, Niladri Vihar, Po- Sailashree Vihar, Bhubaneswar - 751021	Independent Director
8.	Sri Lokendra Singh General Manager, FCI, Odisha Region Director, OSCSC Ltd.	Director
9.	Sri Sailendra Kumar Dwivedi, OAS Additional Secretary to Govt., P.E. Deptt. Director, OSCSC Ltd.	Director
10.	Smt. Ellora Mohanty Addl., Secretary to Govt. Finance Department	Director
11.	Dr. Uddhaba Chandra Majhi, IAS Registrar, Co-operative Societies Odisha, Bhubaneswar	Director

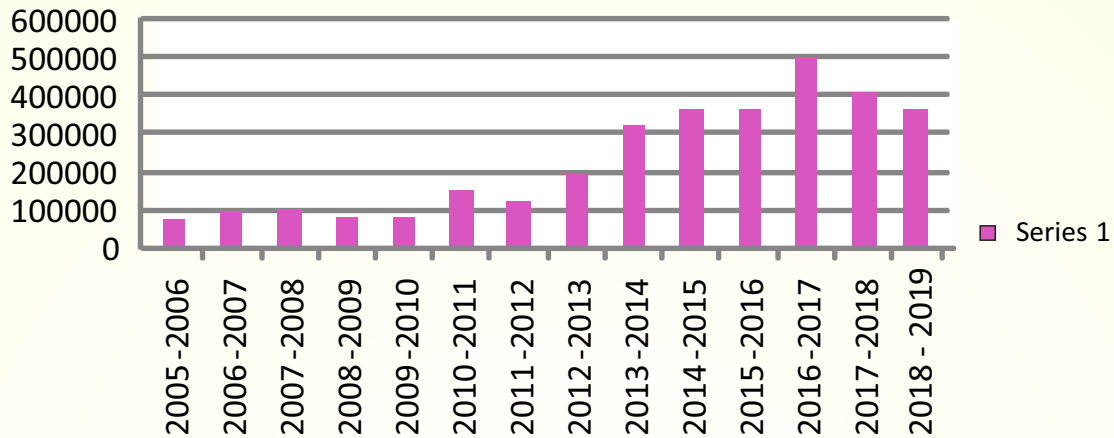


ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

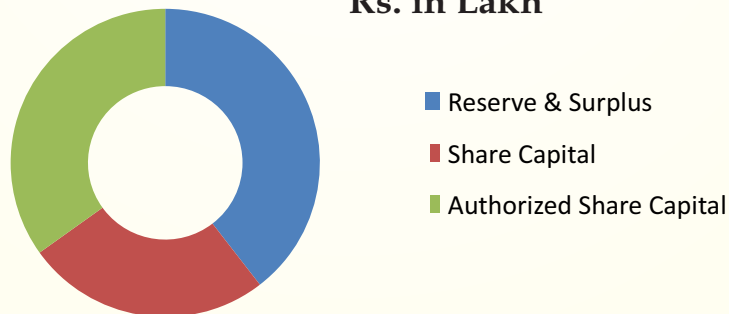
Activity & Performance

Turnover (Rs. In Lakhs)



Financial Year	Amount (Rs. In Lakh)	Financial Year	Amount (Rs. In Lakh)
2005-2006	70909.94	2012-2013	196128.63
2006-2007	93638.61	2013-2014	319601.44
2007-2008	102221.93	2014-2015	365877.11
2008-2009	81149.48	2015-2016	367486.85
2009-2010	81064.25	2016-2017	499418.46
2010-2011	149980.77	2017-2018	408084.77
2011-2012	123945.67	2018-2019	354652.73

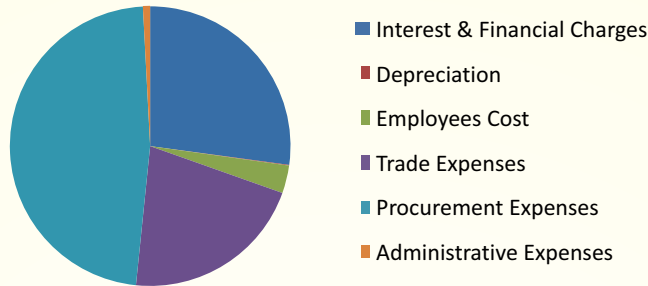
Share Holders Fund Rs. in Lakh



Fund Holding Pattern	Rs. in Lakhs
Reserve & Surplus	1698.46
Share Capital	1103.32
Authorized Share Capital	1500.00

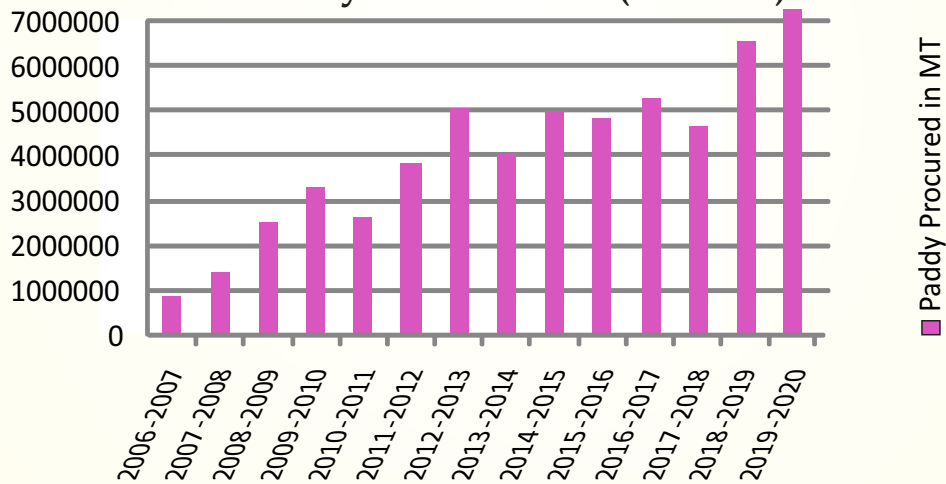


Expenditure 2018-19



Heads	Rs in Lakhs
Interest & Financial Charges	51185.83
Depreciation	146.72
Employees Cost	6038.97
Trade Expenses	39999.53
Procurement Expenses	89673.64
Administrative Expenses	1570.40

Paddy Procurement (In KMS)



KMS	Paddy Procured in MT	KMS	Paddy Procured in MT
2006-2007	812002	2013-2014	4033610
2007-2008	1404224	2014-2015	4987353
2008-2009	2489799	2015-2016	4779482
2009-2010	3234014	2016-2017	5262806
2010-2011	2578999	2017-2018	4789388
2011-2012	3780612	2018-2019	6506851
2012-2013	5002311	2019-2020	7056476



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

Statement Showing Names of the Share Holders & Distinctive Numbers of Equity Shares Allotted up to 31.03.2012

Sl. No.	Name of the share holder	Distinctive Nos.	No. of shares	Rupees per equity share	Total Value of Shares in Rs.
1	Secretary F.S. & C.W. Department Government of Odisha	000001 to 049999	49,999	1000	4,99,99,000
		050001 to 054997	04,997	1000	49,97,000
		055001 to 059997	04,997	1000	49,97,000
		060001 to 065429	05,429	1000	54,29,000
		065433 to 066329	00,897	1000	8,97,000
		066333 to 066829	00,497	1000	4,97,000
		066833 to 067327	00,495	1000	4,95,000
		067333 to 097827	30,495	1000	3,04,95,000
		097832 to 107832	10,000	1000	1,00,00,000
		107833 to 107857	02,500	1000	25,00,000
			1,10,306		11,03,06,000
2	Secretary to Govt. Finance Department	50,000	1	1000	1000
			1		1000
3	Addl. Secretary to Govt. Finance Department	54998	1	1000	1000
		59998	1	1000	1000
		65430	1	1000	1000
		66330	1	1000	1000
		97830	1	1000	1000
			5		5,000
4	Addl. Secretary to P. & C Govt. Finance Department	54999	1	1000	1000
		59999	1	1000	1000
		65431	1	1000	1000
		66331	1	1000	1000
			4		4,000



Sl. No.	Name of the share holder	Distinctive Nos.	No. of shares	Rupees per equity share	Total Value of Shares in Rs.
5	Addl. Secretary to Government, FS & CW Department	67328	1	1000	1000
		97828	1	1000	1000
			2		2,000
6	Managing Director, OSCSC Ltd.	55000	1	1000	1000
		60000	1	1000	1000
		65432	1	1000	1000
		66332	1	1000	1000
		66832	1	1000	1000
		67332	1	1000	1000
		97832	1	1000	1000
			7		7,000
7	Deputy Secretary to Government Finance Department	66830	1	1000	1000
		67331	1	1000	1000
			2		2,000
8	Deputy secretary to Government P & C Department	66831	1	1000	1000
			1		1,000
9	FA-cum-Deputy Secretary to Government FS & CW Department	67329	1	1000	1000
		97829	1	1000	1000
			2		2,000
10	FA-cum-Deputy Secretary to Government P & C Department	67330	1	1000	1000
		97831	1	1000	1000
			2		2,000
	Grand Total		110332		11,03,32,000

ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

39th DIRECTORS REPORT TO THE SHARE HOLDERS OF ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

To

The Shareholders,
O.S.C.S.C. Ltd.,
Bhubaneswar.



Gentlemen,

Your Directors take pleasure in presenting the 39th Annual Report of the Corporation along with the audited profit and loss account for the year ending on 31st March, 2019 and Balance Sheet as at the date.

You may be aware that 39th Annual General Meeting of the Corporation was held on 30.09.2019 and was adjourned "sine die" to enable the Directors to place before you the Audited Balance Sheet as at the 31st March 2019, Profit and Loss Account for the year ended on that date together with the Auditor's Report and Comments of C&A G of India thereon and replies of the management thereto. Now such audited accounts, reports, comments and replies are presented for kind adoption by the Shareholders in the Annual General Meeting.

1. Financial Performance

Trading results for the year under report are summarized below.

Items	Purchase (Rs. in Lakhs)		Sales (Rs. in Lakhs)	
	2018-19	2017-18	2018-19	2017-18
Paddy	1070932	778126		
Rice	2	1566	347691	403035
Wheat	5567	6376	2872	3160
LPG & Accessories	1711	1476	1831	1585
Gunny	32007	41460		0
Others	197	141	2259	305
Totals	1110416	829145	354653	408085



1. Share Capital

During the financial year under report, the Authorized Share Capital of the Corporation was Rs.15,00,00,000/- and Paid-up Share Capital was Rs.11,03,32,000/-.

2. Change in the nature of Business

The Company has not changed nature of business in any way during the financial year 2018-19. The major line of activities i.e. Paddy Procurement under DCP Scheme & implementation of TPDS & OWS have been continued in the F.Y. 2018-19.

3. Subsidiary Companies/Associates Companies

The Company is not a Holding Company. It has no Subsidiary, Associate companies and Joint Venture as disclosed in the financial statements for the financial year ended 31st March 2019.

4. Accounts and Audit

- Appointment of Statutory Auditors is made by Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956/ Section 139(5) of Companies Act 2013. M/s GNS & Associates, Chartered Accountants, Bhubaneswar were appointed as the Statutory Auditors of OSCSC Ltd. for the Financial Year 2018-19. The Audited statements of accounts along with Report of the Auditors, Management's Replies on the Auditor's Report are annexed to the Director's Report. The Directors of the Corporation acknowledge with appreciation the guidance and help provided by Statutory Auditors and C&AG staff and officers for completion of audit of accounts.
- The accounts of the Corporation are maintained under ERP/SAP. In order to update finalization of accounts & audit and to cope up the increasing volume of procurement & PDS transactions, Corporation has taken up ERP-SAP. This project titled "Sanjog-connecting the dots" is implemented in all the 30 districts including Head Office.

5. Paddy Procurement Operation

Your Corporation undertook Decentralized Procurement from KMS 2003-04 to extend support to the farmers of the State by ensuring payment of Minimum Support Price (MSP) fixed by Government of India, on sale of their Paddy and to utilize the rice so procured under PDS. OSCSC procured 65.30 LMT of Paddy in Financial Year 2018-19 equivalent to 44.40 LMT of CMR covering KMS 2017-18 & 2018-19.

You will be happy to note that OSCSC has taken up measures, under active guidance & support of Govt. in FS & CW Deptt, to bring efficiency and transparency to the procurement process & operations.

1. Paddy Procurement Automation System (P-PAS), a complete automated online application system on procurement of paddy has been implemented in all the 30 districts. All the 294 paddy procuring blocks are covered under P-PAS. With the



help of this P-PAS System, actual procurement vis-à-vis target and utilization funds by DCCB can be monitored on real time basis. The payment to farmers (MSP) for the paddy procured is being made online by transfer of funds to the account of the farmers. The complicated & lengthy manual documentation is automated through P-PAS.

2. This P-PAS application is being integrated with SAP so that entire procurement data both physical & financial will be captured in the financial accounting.

6. Public Distribution System

1. You will be pleased to know that from April 2017, the requirement of Rice under Mid Day Meal (MDM) & WBNP Programme run by School & Mass Education & Woman & Child Welfare Department, Govt. of Odisha, are being supplied by OSCSC out of CMR procured.

The Corporation has taken several measures to ensure timely and uninterrupted supply of essential commodities to the beneficiaries specially the weaker section of the society. Priority is being given to the BPL, AAY and Annapurna beneficiaries and supplies to these categories are being completed as per date line fixed by Govt. in FS & CW Deptt.

2. Supply Chain Management System (SCMS) a web based application has been implemented in all depots to capture entire transactions at the Depots and for bringing efficiency, effectiveness and transparency in the system. The SAP application has been integrated to SCMS for complete automated accounting of OSCSC.
3. Separate Handling Contractors are being appointed to be placed in all the depots to do handling operations. This operation was earlier carried out by transport contractors & custom millers which were not systematic and proper as per DCP guidelines.
4. A prudent movement plan for efficient & economic inter district movement of CMR has been formulated in association with FCI & put in place.

7. Dividend

No dividend to the Shareholders is suggested by the Board of Directors as the Government allow subsidy to the Corporation only to the extent of actual loss sustained and hence no surplus is generated.



8. Board Meeting

The Board meets at regular intervals to discuss and decide on the business policy and strategy apart from other Board business. The Board of Directors convened four meetings during the year under Report. The details of the meeting are given as under.

Number of Board Meeting	Dates	Number of Board Meeting	Dates
182 nd	26-06-2018	184 th	04-01-2019
183 rd	15-11-2018	185 th	25-02-2019

10. Committees of Board

The Company has duly constituted various Committees as per the provisions of the Companies Act such as Audit Committee, HR Committee and Corporate Social Responsibility (CSR) Committee etc. The meetings of various committees are conducted as per act.

11. Directors

Details of changes made in the constitution of the Board during the year under report are as follows:

1. Sri Saroj Kumar Samal, OAS is appointed as Managing Director in place of Sri Niranjan Nayak, OAS, transferred.
2. Dr. Tribikram Pradhan, IAS, Registrar of Co-operative Societies, Odisha is appointed as Director in place of Sri Shashi Bhusan Padhi.

3. Director's Responsibility Statement

Pursuant to the requirement under section 134(5) of the Companies Act, 2013 in relation to the financial statements for the year 2018-19 the Board of Directors state:

- i. Those in the preparation of the annual accounts for the financial year ended March 31, 2019 the applicable accounting standards have been followed.
- ii. That the Corporation has 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 Corporation at the end of the financial year and of the profit or loss of the Corporation for the year under review.



- iii. That the Corporation has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the accounts for the financial year ended March 31, 2019 as a going concern concept.

4. Personnel and Human Resource Development

The Corporation has continued to maintain cordial and harmonious relationship with its employees throughout the year. Your Directors expressed their appreciation for the sincere, enthusiastic and dedicated efforts put in by the employee in effective implementation of various schemes and programs of the Central Government and State Government. The Corporation has also taken steps for organizing different training programs for Human Resource Development.

14. Particulars of Loan, Guarantees & Investments under Section 186.

Your Corporation has not sanctioned any loan or extended guarantee and made investment U/s 186 of the Companies Act, 2013, during the period of report.

15. Particulars of Contracts or Arrangements with Related Parties – NIL.

16. Risk Management Policy:

The company is exposed to risk in Paddy Procurement Operations. The custom millers are delivered paddy procured six times of security deposit furnished by them, thus taking risk of getting back of 100% CMR due from the millers.

In order to reduce the risk exposure following measures have been taken.

- The custom millers in default are not allowed to participate in Procurement.
- The custom millers delayed delivery of CMR is allowed to operate on 100% security.
- Delivery of paddy to millers has been brought down to 6 times of security money, from 10 times in KMS 2016-17.
- Concurrent Milling & delivery of CMR is being strictly monitoring & the millers in default are not allowed to lift further paddy.
- Delivery of paddy is monitored through MAS & SAS as application software developed & implemented.
- Purchase of paddy is recognized only after Authentication of Acceptance Note by the custom miller in the Mobile Application linked to P-PAS.



17. Particulars of Energy Conservation, Technology absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules 2014:-

- A. Conservation of Energy : This being a trading organization so, it is not applicable to the company.
- B. Technology Absorption : This being a trading organization the information is NIL.
- C. Foreign Exchange Earnings and Outgo : During the Year, the Company has not earned any Foreign exchange in terms of actual inflows and the foreign exchange outgo during the year in terms of actual outflows.

Acknowledgement

The Directors place on record their appreciation for the wholehearted and sincere co-operation and assistance received by the Corporation from various Departments of State Government, Central Government organization, also from the employees and the bankers from time to time.

For and on behalf of the Board of Directors.

Bhubaneswar

Dated

Sd/-

Chairman

OSCSC Ltd.



ANNEXURE-I

Extract of Annual Return As on 31st March 2019
{Pursuant to section 92(3) of the Companies Act 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014}
Form No. MGT 9

I. REGISTRATION AND OTHER DETAILS

CIN	U51211OR1980SGC000894
Registration Date	03-09-1980
Name of the Company	ODISHA STATE CIVIL SUPPLIES CORPORATION LIMITED
Category/sub-category of the Company	Company limited by Shares State Government Company
Address of the registered Office and contact details	C/2, Nayapalli, Bhubaneswar -751012 E-mail id- faoscsc@gmail.com
Whether listed Company-Yes/No	No
Name, Address and contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

- a. Procurement of paddy from farmers under DCP operation of Government of India.
- b. Distribution of PDS stocks to the beneficiaries under NFSA.

III. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of the Total Equity).

Entire share capital has been subscribed by the Government of Odisha. During the year under review, there is no change in the paid up capital.



IV. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Rupees in crore)

Particulars of Working Capital Loan	Secured Loan excluding deposits (in Cr)	Unsecured Loan	Deposits	Total indebtedness
Short Term Loans from Banks	2502.82	Nil	Nil	2502.82
Cash Credit Loans from Banks	8264.75	Nil	Nil	8264.75
Total	10767.57			10767.57

V. REMUNERATION OF DIRECTORS

- A. Remuneration of Managing Director - Rs.18,51,906
- B. Remuneration to other Directors (FA &CAO) - Rs.17,82,506

Sd/-
Chairman
OSCSC Ltd.



M/s. GNS & ASSOCIATES
CHARTERED ACCOUNTANTS
M-27, Madhusudan Nagar, Unit-IV
Bhubaneswar - 751001
Ph-674-395256, Fax : 674-2395257
E-mail : gnsbbsr@gmail.com

INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF ODISHA STATE CIVIL SUPPLIES CORPORATION LIMITED
Report on the Financial Statements

We have audited the accompanying financial statements of **Odisha State Civil Supplies Corporation Limited**, which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in “**Basis for Qualified Opinion**” in **Annexure-C** and “**Disclaimer of Opinion in Annexure-D**” of our report, the aforesaid financial statements give the information required by 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 31/03/2019, and
- Of its Nil Profit/loss and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matters

We draw attention to the following notes on the financial statement being matters pertaining to *M/s Odisha State Civil Supplies Corporation Limited* requiring emphasis by us. Our opinion is not qualified in respect of these matters

1. Refer Item No:7 of Note-1: - The accounting of provisional subsidy from Govt of India and Govt of Odisha respectively disclosed under the head "Advance Subsidy Account" and final adjustment and setoff of subsidy either shown as advance or subsidy receivable only on finalisation of the accounts.
2. Refer Item No: 2 of Note-2: - Settlement of additional subsidy by Govt of India pending finalization of procurement incidentals on account of procurement account up to KMS-2016-17 and accounting thereof in the year of settlement.
3. Refer Item No: 3 of Note-2:-Balance appearing in the current assets and current liabilities which are due from or dues to outsiders are subject to confirmation.
4. Refer Item No: 7 of Note-2:- Accounting of extra cost on Transportation charges receivable from FCI due to lifting of stock other than the base deport on cash basis.
5. Refer Item No: 19 of Note-2:- Balance lying in other long term liabilities and non-current investments are unconfirmed and unreconciled.
6. Refer Item No: 22 of Note 2:- Identification of certain assets and liabilities, Advance and deposits as at 31.03.2017 by management as old, reconciled, dormant, unconfirmed and un-reconciled and pending non-adjustment of discrepancies, on reconciliation found if any by some CA firms.

Responsibility of Management and Those Charged with Governance (TCWG)

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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 statements 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.

Auditors 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 judgments and maintain professional scepticism 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 Companies Act, 2013, 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.

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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' statements on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable to the company.
2. As required by Section 143 (5) of the Act, we give in the 'Annexure B' a statement on the matters specified by the Comptroller and Auditor General of India, as applicable to the Company.
3. As required by Section 143 (3) of the Act, based on our audit 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 purposes of our audit *excepting matters described in "Basis for Qualified Opinion" given in 'Annexure C' and "Disclaimer of Opinion" given in 'Annexure-D' of our report respectively.*
 - b. *Subject to our comments given in Annexure 'C' and Annexure 'D' of our report* in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c. The Balance Sheet, the Statement of Profit and Loss, and the cash flow statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 **excepting non-compliance of AS-1, AS-2, AS-3, AS-4, AS-5, AS-6, AS-9, AS-10, AS-12, AS-22, AS-28, and AS-29.**
- e. As per the notification number GSR 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs Section 164 (2), as regards the disqualification of Directors is not applicable to the Company since it is a Government Company.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "*Annexure-E*" of our report expresses a qualified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the 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 not properly disclosed the impact of pending litigations on its financial position in its financial statements. (*Ref item No 23 of Note 2 of Notes on Accounts*)
 - ii. The Company did not have any long term contracts including derivatives contract for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For GNS & Associates
Chartered Accountants
FRN: 318171E

Place:-Bhubaneswar
Date:- 05/10/2021

(CA NARAD P. SAHU)
Partner
M.No. : 055224
UDIN-21055224AAAAIL6035



M/s. GNS & ASSOCIATES
CHARTERED ACCOUNTANTS
M-27, Madhusudan Nagar, Unit-IV
Bhubaneswar - 751001
Ph-674-395256, Fax : 674-2395257
E-mail : gnsbbsr@gmail.com

ANNEXURE -A

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in our Independent Auditor's Report of even date to the members of Odisha State Civil Supplies Corporation Limited on the financial statements for the year ended 31st March 2019

1. In respect of the Fixed Assets:

- a) The Company has *not* maintained proper records with respect to fixed assets (tangible & intangible) showing full particulars including quantitative details and situation of the fixed assets.
- b) As per the information and explanation given to us, these fixed assets have not been physically verified by the management during the year. Hence, we are unable to comment on material discrepancy if any between book balance and physical balance required to be *dealt with in the books of accounts of the company*.
- c) Title deeds in respect of Head Office Building and Godowns at Mancheswar and Jagatpur respectively are held in the name of the company. *In remaining cases* of office building located at various district offices and 159 godowns, the lands over which construction are made by the company have been alienated in the name of Civil Supplies Officer of different district as per the decision of Government of Odisha. However full particulars of the immovable properties indicating the details of area, and status thereof (*either freehold or leasehold*) and reconciliation thereof with the fixed assets register *have not been furnished to us for verification*.

2. **In respect of the Inventories:** - On the basis of information and explanations given to us physical verification of inventory has *not* been conducted by the management during the year at all the locations / godowns RRCs / Custom Millers, Third Parties including stock lying at certain godowns of Puri District heavily damaged in Fani Cyclone occurred on 3rd May, 2019. *Hence, we are unable to quantify the discrepancy if any between physically verified inventories and book balance including loss of stock in Fani Cyclone at some of the godowns of Puri district and materiality thereof requiring proper adjustment in the books of accounts.*



3. According to the information and explanations given to us, the company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
4. According to the information and explanations given to us, the company has not entered any transaction involving compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Thus, Paragraph 3 (iv) of the order is not applicable.
5. As per the information and explanation given to us and on the basis of examination of books of accounts, the company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.
6. As per the information and explanation given to us and on the basis of our examination of books of accounts, the company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 as it is engaged in trading distribution, and supply of PDS Commodities.
7.
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues where ever applicable have generally been regularly deposited with the appropriate authorities *though there has been delay in some cases during the year.*

According to the information and explanations given to us, no undisputed amounts payable in respect provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues with the appropriate authority were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable *except in respect of the following statutory liabilities remaining old un-reconciled still unpaid for which sufficient particulars are not available with the Company. In absence of sufficient details like period to which it relates to, due date of deposit of the tax or duty or cess as prescribed under relevant statutes could not be adequately and properly reported.*



Particulars	Amounts (Rs)
Income Tax (TDS)- Salary and Other heads	2,68,11,523
Professional Tax	7,47,314
G.P.F.	13,40,357
PRAN	2,56,891
RMC Fees	54,52,35,734
EPF Payable	65,545

Further as explained by the Company to us, most of the above statutory dues remain un-reconciled up to 31st March 2017 which might have been paid but not correctly shown or properly adjusted in the accounts.

- b) According to the records of the company and on the basis of information and explanations given to us, there are no dues in respect of income tax or sales tax or service tax or duty of customs or duty of excise, value added tax or goods and services tax which have not been deposited with the appropriate authorities on account of any dispute *except* for the following disputed dues.

Name of the Statute	Nature of dues outstanding	Period	Disputed Amount (Rs)	Amount Deposited (Rs)	Forum where it is pending
Odisha Value Added Tax (OVAT) Act 2004	Penalty	F/Y 2013-14 to F/Y 2015-16	93,00,341	-	Odisha State Sales Tax Tribunal
-do-	Interest	-do-	3357261	335726	-do -

08. On the basis of examination of records and according to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings to a financial institution, or bank. The company has not availed any loan from Government or debenture holders.
09. Based on the examination of the books of accounts and related records and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year. Term loans have generally been applied for the purpose for which they were raised by the company.
10. Based on audit procedures applied and according to the information and explanation given to us, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year



ending 31st March 2019 **excepting the fact** that the company does not have a regular system and process of identification accounting and reporting of audit recovery and shortage value of Rs. 57930176/- as “Other Income” (Ref: Note-10 forming part of financial statements) and balance of Misappropriation of Stock and Shortages Value Recoverable for Rs. 1,79,48,16,086/- as at 31.03.2019 under the broad heading of “Other Current Assets” (Ref: Note-8.5 forming part of financial statements).

However, fraud element involved if any in such cases of misappropriation of stock/shortage Value Recoverable neither noticed by the Company or its officers or employees during the year nor such information *has been furnished to us and hence could not be examined by us.*

11. In view of the Government notification No. GSR 463 (E) dated 5th June, 2015 the Company is exempt from the applicability of Section 197 read with Schedules (V) to the Companies Act 2013. Accordingly, clause 3 (xi) of the Order is not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, Clause 3 (xii) of the Order is not applicable to the Company.
13. In our opinion and as per the information and explanation given to us, the company has not entered into any transaction requiring compliance with Section 177 and 188 of the Companies Act, 2013. Hence clause 3 (XIII) of the order is not applicable to the Company.
14. Based on the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review requiring compliance with Section 42 of the Companies Act, 2013. Hence, Clause 3 (xiv) of the Order is not applicable to the Company.
15. Based on the information and explanation given to us, the Company has not entered into any non cash transactions with directors or persons connected with him. Hence, Clause 3 (xv) of the Order is not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45 – IA of the Reserve Bank of India Act, 1934. Hence, Clause 3 (xvi) of the Order is not applicable to the Company.

Place:-Bhubaneswar
Date:- 05/10/2021

For GNS & Associates
Chartered Accountants
FRN: 318171E
(CA NARAD P. SAHU)
Partner
M.No. 055224
UDIN-1055224AAAAIL6035



ANNEXURE- B

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in our Independent Auditor's Report of even date to the members of Odisha State Civil Supplies Corporation Limited on the financial statements for the year ended 31st March 2019

Directions indicating the areas examined by the Statutory Auditors during the course of audit of annual accounts of Odisha State Civil Supplies Corporation Limited for the year 2018-19 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act 2013.

Based on the information and explanations given to us, we report as under: -

Directions	
A. General Directions	
Areas Examined	Observation/Findings
1. Whether the company has clear title deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The Company does not have clear title/lease deeds <i>in a number of cases other than Head Office Building and Godowns at Mancheswar and Jagatpur.</i> In case of office buildings and 159 numbers of Godowns at various locations, the lands have been alienated in the name of Civil Supplies Officer of different districts as decided by Government of Odisha. However full particulars of land along with area and status thereof (freehold and leasehold) <i>have not been furnished to us by the Company for verification.</i>
2. Please report whether there are any cases of waiver/ write off of debts/loans/interests etc. if yes, reasons thereof, and the amount involved.	There is no case of waiver/write off debts/loans/interest etc by the company during the year.



Areas Examined	Observation/Findings												
<p>3 Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the Government or other authorities.</p>	<p><i>In absence of production of records with respect to inventories lying with third parties for examination, we are unable to comment to what extent it is maintained properly.</i></p> <p>Further, the Company has not received any asset as gift from Government or other authorities during the year under audit.</p>												
<p>B. Company/Sector Specific Sub-direction</p>													
<p>1 Whether the Company has lifted the quantity of food grains allotted by Government, the lifted quantities and quantity released or distributed to fair price shops at subsidized rates and the company has reconciled the total quantity of food grains lifted and distributed.</p>	<p>As explained and informed to us, the company has lifted the following quantity of food grains allotted by the Government, the lifted quantities and quantity released or distributed to fair price shops at subsidized rates.</p> <p>The company has not reconciled the total quantity of food grains allotted/lifted and distributed during the year 2018-19.</p> <p style="text-align: right;">In(MT)</p> <table border="1" data-bbox="624 1108 1437 1293"> <thead> <tr> <th>Food Grains Commodities</th> <th>Allotment</th> <th>Lifting</th> <th>Released or Distributed</th> </tr> </thead> <tbody> <tr> <td>Rice</td> <td>2220864</td> <td>2165388</td> <td>2145787</td> </tr> <tr> <td>Wheat</td> <td>292248</td> <td>285730</td> <td>284300</td> </tr> </tbody> </table>	Food Grains Commodities	Allotment	Lifting	Released or Distributed	Rice	2220864	2165388	2145787	Wheat	292248	285730	284300
Food Grains Commodities	Allotment	Lifting	Released or Distributed										
Rice	2220864	2165388	2145787										
Wheat	292248	285730	284300										
<p>2 Whether the Company has preferred the claim in time for differential cost with the Government and the amount of claim accepted/rejected has been properly accounted for in the books of the Company.</p>	<p>In absence of the production of the timing schedule of preferring claim for differential cost with the Government and items covered under those claims, <i>we are unable to comment to what extent the company has preferred the claim in time for differential cost with the Government.</i></p> <p><i>In absence of period wise claim details we are unable to comment the amount of claim accepted/rejected and accounting thereof in the books of account by the company.</i></p> <p>The Company has short received for Rs 2244.33 Crores from Govt of India towards subsidy claimed under decentralised paddy procurement operation for the period from FY 2003-04 & 2018-19 and excess receipt of Rs 100.36 Cr from Govt of Odisha towards subsidy for distributing rice at subsidised rate, <i>but accounting of the short/excess</i></p>												



Areas Examined	Observation/Findings
	<p><i>receipt could not be linked and reconciled by the company (Ref Item No 18 of Note 2 of Note on Account).</i></p> <p>(i) Loss incurred on Potato trade for Rs.18,47,399.00 for the year 2013-14 and Rs.15,37,436.00 for the year 2014-15 and the result of such Potato trade of the year F.Y. 2015-16 was under examination by the committee constituted by Government of Odisha vide letter no.23594 dt.01/12/2016. Against above status of accounting or rejection of claims not informed to us.</p> <p>However, an amount of Rs.125,00,000.00 was received by the Company from Government of Odisha as Share Capital for Market Intervention by the Company against this loss.</p> <p>(ii) The company has submitted Procurement Account up to KMS- 2016-17 to Government of India for finalisation of procurement incidentals. The claim of OSCSC is under examination and reconciliation at Government of India level. The additional amount of subsidy that will be accounted for only after finalisation of Accounts and reconciliation (Refer item No.2 of Note no. - 2 Notes on Accounts).</p>
<p>3 Comment on the existence of quality control system to check the quality of food grains to be distributed to beneficiaries. Any deficiencies resulting in supply of food grains as per accepted quality norms shall be mentioned.</p>	<p>According to information and explanation given to us quality control system exists at the company. Due to checking at regular intervals at purchase stage, there is a system of checking quality of food grains to be distributed to beneficiaries.</p> <p>There is no case of deficiency resulting in supply of food grains as per accepted quality norms noticed by us.</p>

We have conducted the audit of accounts of Odisha State Civil Supplies Corporation Limited for the year 2018-19 in accordance with the directions/ Company sector specific sub-directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions/ sub-directions issued to us.

Place:-Bhubaneswar
Date:-05/10/2021

For GNS & Associates
Chartered Accountants
FRN: 318171E
(CA. NARAD P. SAHU)
Partner
M.No. : 055224
UDIN-21055224AAAAAIL6035

**BASIS OF QUALIFIED OPINION****ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in our Independent Auditor's Report of even date to the members of Odisha State Civil Supplies Corporation Limited on the financial statements for the year ended 31st March 2019

A. LIABILITIES

1. REF: NOTE: 3.2 :- RESERVES & SURPLUS **Rs. 16,98,46,360.00**

1.1. Capital Reserve **Rs. 13,98,75,064**

Against capital reserve, the W.D.V. of fixed assets acquired out of grants as at 31st March 2019 shows an amount of Rs. 9,95,43,829.00 resulting a mismatch of Rs. 4,03,31,235.00 thus, stands un-reconciled.

Mobile Vans acquired out of grants during the year 1987-88 to 2000-01 shown in accounts has neither been disclosed separately in fixed assets nor was depreciation charged on those assets properly adjusted against Capital Reserve. Impact of such non-disclosure or non-accounting/non-adjustment in fixed assets Over "Loss Before Subsidy" for the year with corresponding adjustment in "Capital Reserve" has not been given in accounts.

1.2 Non-charging of depreciation of depreciable assets in a systematic and rational basis over the useful life of assets acquired out of Grant received and non-allocation of the same to income over the period is not in accordance with Accounting Standard-12 prescribed by the Institute of Chartered Accountants of India.

2. REF: NOTE: 4.1 :- OTHER LONG TERM LIABILITIES **Rs. 2,75,45,21,337.00**

2.1 Security Deposits Received: - **Rs. 36,93,23,257.00**

In case of some districts, Security Deposits and Earnest Money Deposit for Rs 35,85,853.00 has been refunded against which neither any deposit has been collected neither during the year nor during earlier years. Similarly, in case of some districts, a sum of Rs 6,79,812.00 have been refunded towards Security Deposits / Earnest Money Deposit during the year without any recovery either during the year or during earlier period. Excess payment has been made to different parties again stands un-reconciled and un-recovered and offers a scope for misappropriation.

2.2 Schematic Funds Received From Government: - **Rs. 2,38,51,98,080.00**

In case of Schematic Advances like "End to End Computerization", "Digitization and Replacement of Ration Card", "Creation of Capital Assets" and "VGF for State PEG", year-end balance as per accounts does not agree with that of unutilized balance shown at the year-end as per utilization certificates submitted to appropriate authorities. The funds are also not represented by equal amount of earmarked bank balance/fixed deposits wherever stipulated by sanctioning authorities. Details are as under

Sl. No.	Particulars Of Schematic Funds	Balance as at 31.03.2019 As per Accounts (Rs.)	Unutilized Balance as per UC (Rs.) as at 31/03/2019
1	End to End Computerization	6,64,82,969	8,29,62,388
2	Digitization & Replacement of Ration Card	29,17,19,704	22,47,65,546
3	Creation of Capital Assets	12,90,86,740	9,74,07,073
4	VGF for State PEG	450,29,582	NIL



- 2.3 Market Intervention Fund:- Rs. 54,64,24,415.00**
Interest for Rs.8,63,724.00 on short term deposits with UCO Bank and interest for Rs. 4,12,903.00 on short term deposits maintained with Indian Bank for the year both earmarked for Market intervention fund was erroneously capitalized to Digitization and Replacement of Ration Card. This has resulted change in yearend balance by way of increase in balance of one scheme and decrease in another scheme by Rs 12,76,627.00.but, it does not have any overall impact over balance of total Schematic Funds.
- 2.4 Interest on Market Intervention Fund:- Rs. 35,81,658.00**
The above amount of Rs. 35,81,658.00 towards wrong credit of interest on fixed deposit was reversed in the account of Scheme of "Digitization&Replacement of Ration Card" and transferred to "Market Intervention Fund" by the company during financial year 2017-18. The company did not have any fixed deposit maintained with any bank either during financial year 2017-18 or during earlier period earning such interest. Therefore in our opinion, the amount should have been written back. This has resulted overstatement of "Loss before Subsidy " for the year by Rs.35,81,658.00 as well as overstatement of "Other Long Term Liabilities" by similar amount.
- 2.5** In case of Other Long Term Liabilities,Old, dormant, un-reconciled and unconfirmed advance for Rs 976,79,741.00 have been set off against "*Other Long Term Liabilities*" which in our opinion should be presented under "*Long Term Loans and Advances*"(*Non-Current Assets*)
This has resulted understatement of "Long Term Loans and Advances" (Non-Current Assets) by Rs 976,79,741.00 with understatement "Other Long Term Liabilities" by similar amount.
- 3. REF: NOTE: 5.1:-SHORT TERM BORROWINGS Rs. 107,67,56,74,325**
- 3.1. Cash Credit Loan :- Rs. 82,64,75,00,580**
It includes a sum of Rs.1,91,67,537.00 lying in State Bank of India, (Cash Credit Account No 30994666351) representing brought forward unreconciled difference) not yet been adjusted by the company.
- 3.2** It includes debit balance of Rs. 1,09,68,761.00 as at 31.03.2019 lying in some bank accounts set off against year-end credit balance of other bank accounts presented under "Short Term Borrowings" as at 31.03.2019 which should have been presented under "Cash & Cash Equivalents".
This has resulted understatement of "Short Term Borrowings by Rs 1,09,68,761.00 as well as understatement of "Cash & Cash Equivalents" by similar amount.
- 4. REF: NOTE: 5.2:-TRADE PAYABLES Rs. 11,82,20,03,623.00**
- 4.1 Dues to Transport Contractors-Level-II Rs. 24,71,87,858.00**
A sum of Rs. 26,05,12,074.00 has been provided for towards Transport Charges payable to Transport Contractors (Level-II) during the year.Closing balance as at 31.03.2019 as shown above cannot be less than that of provision created by the company during the year.
This has resulted understatement of Loss Before Subsidy for the year by Rs. 1,33,24,216.00 as well as understatement of "Trade Payable" by similar amount.



4.2. Dues to Jute Commissioner: - Rs. 96,70,58,173.00

The balance is subject to confirmation and reconciliation.

4.3 (i) Dues to SA cum GA:- Rs. 91,29,307.00

(ii) Dues to Marketing Inspectors Rs. 35,40,342.00

Rs. 1,26,69,649.00

The above dues are unreconciled lying in the account of Sales Assistants cum Godown Assistants and Marketing Inspectors since last past several years without any payment or adjustment. Dues to staff can never remain outstanding for so long again lying dormant, un-reconciled and un-confirmed. Further staff wise details and their present employment status and reason of non-payment or non-adjustment has not been furnished before us for verification. Amount required to be set-off against Advances to SA CUM GA and Marketing Inspectors in absence of staff wise details, could not be ascertained.

4.4 GST Payable for Rs. 5,10,182.00 "Dues to Service" (payable to SPA) for Rs. 32,30,485.00 and Dues to NSIC Ltd for Rs. 1,79,44,450.00 thus aggregating to Rs. 2,16,85,117.00 presented under "Trade Payables" are not directly connected with Trade and there is every chance of payment or settlement within a period of next 12 months and therefore it should be presented under "Other Current Liabilities"

This has resulted over statement of "Trade Payables" by Rs. 2,16,85,117.00 with understatement of "Other Current Liabilities" by similar amount.

4.5 In case of Trade Payables in our opinion, total debit balance of Rs. 6,27,78,898.00 representing brought forward old, dormant, unreconciled, unconfirmed, unadjusted and unrecovered have been set off against "Trade Payables" In our opinion it should be presented under "Long Term Loans and Advances" (*Non-Current Assets*) as it does not have a chance of immediate recovery/adjustment within a period of next 12 months or operating cycle. Similarly, old, dormant, unreconciled and unconfirmed liabilities of Rs. 3,99,88,44,958.00 does not have any chance of payment or settlement within a period of next 12 months or operating cycle should be presented under "Other Long Term Liabilities".

This has resulted understatement of "Long Term Loans & Advances" (*Non-Current Assets*) by Rs. 6,27,78,898.00 with understatement of "Other Long Term Liabilities" by Rs. 3,99,88,44,958.00 and overstatement of "Trade Payables" by Rs. 3,93,60,66,060.00.

5. REF: NOTE: 5.3:- OTHER CURRENT LIABILITIES Rs. 4,96,94,46,105.00

Other Current Liabilities (Without Control A/C) Rs. 3,53,64,28,909.00

5.1 Trade Advance from Storage Agents/FPS & Others: - Rs. 149,50,79,001.00

It includes Receivable for Rs. 41,57,34,162.00/- under different schemes by the company set off against Advance Sales Proceeds for Rs. 1,91,08,13,163.00 received under those schemes during the year. Substantial portion of debit as well as credit balance have been carried forward in accounts remaining old, dormant, un-reconciled and un-confirmed since last several years neither expected to be realized nor recovered or adjusted within a period of next 12 months or operating cycle nor old, dormant, un-reconciled and un-confirmed liabilities are expected to be paid or settled or discharged within a period of next



12 months or operating cycle. Therefore in our opinion, out of above receivables Rs 40,60,36,362.00 set off against liabilities being directly connected with trade again being old, dormant, un-reconciled and unconfirmed and stagnant should be presented under "Long Term Trade Receivable" (**Other Non-Current Assets**) and amount outstanding for a period of exceeding six months for Rs.96,97,800.00 be presented under Trade Receivable outstanding for a period of more than six months under "Current Assets". Similarly brought forward old, dormant, un-reconciled and unconfirmed liabilities for Rs.1,91,08,13,163.00 be presented under "Other Long Term Liabilities"

This has resulted understatement of "Long Term Trade Receivable (**Other Non-Current Assets**) by Rs.40,60,36,362.00, (Non-Current Assets), Trade Receivable (Current Assets) by Rs 96,97,800.00 and "Other Long Term Liabilities" by Rs 1,91,08,13,163.00 and over statement of "Other Current Liabilities" by Rs.1,49,50,79,001.00.

5.2 Withheld Amount Refundable: Rs. 48,48,19,477.00

The above balance includes brought forward unadjusted excess refund representing debit balance of Rs.858,792.00 by Puri district, and a sum of Rs.894,690.03 by Nayagarh district in the account of withheld from Custom Millers. Rs.3,61,839.00 in Transport Contractor (Level-I) and Rs. 1,10,000.00 from others thus aggregating to Rs.22,25,321.00 set off against credit balance in withheld account from others brought forward from earlier period still remains unreconciled, unconfirmed, unadjusted and unrecovered and it offers a scope for misappropriation.

5.3 Advance from Govt./Govt. Agencies Rs.12,68,960.00

It includes brought forward credit balance of Rs.24,67,000.00 by Dhenkanal district against which a sum of Rs 15,00,000.00 being unutilized grant lying with it was refunded during the year by the said district.

Therefore, the balance amount of Rs.9,67,000.00 is no longer payable /refundable by the said district or company but, not written back in accounts.

This has resulted overstatement of "Loss Before Subsidy" by Rs 9,67,000.00 as well as "Other Current Liabilities" by similar amount.

5.4 Withheld from NSIC Ltd.:- Rs 67,16,050.00

In spite of completion of stipulated time schedule of 3rd phase of implementation of SAP/ERP having FICO & MM Module with a scope of major deliverables like integration of PPAS, SCMS, Wheat procurement from FCI to depot and the system of Go live right from pilot project to third phase and maintenance of accounts through ERP/SAP from the period 2017-18, no invoices has been raised by NSIC Ltd for such reduced services/quantities. The company has not quantified the amount recoverable for such substantial reduced services right from pilot phase to third phase but it has kept only very nominal amount of Rs 67,16,050.00 as withheld from outstanding bills from NSIC Ltd during the year. Further to what extent the amount kept as withheld from bills during the year has been accepted by NSIC Ltd has not been furnished to us.

5.5 Auction Sale of Paddy Under Dispute:- Rs. 2,01,03,255.00

Out of the above amount a sum of Rs 1,97,17,287.00 have been directly deposited by M/s. Chandraprava Rice Mill and M/s. Bharati Rice Mill, Bhadrak with the Registrar, High



Court of Odisha during the year. Above balance has not been received directly through cheque or demand draft or any other mode, by the Company, but the receipt of the amount from the millers has been presented under "Other Current Liabilities" and deposit of the amount with the Registrar of Odisha High Court has been presented under "Other Current Assets". Further, there is a mismatch of the amount by Rs.3,85,968.00 resulting excess receipt than deposit again remains un-reconciled (*Ref- Item no. 21 of Note: 2 of Notes on Accounts.*)

Since the entire amount deposited by the millers with the Registrar, Odisha High Court may not be recoverable by the company as other parties including that of lender bank of the millers have a charge or right over the deposit amount therefore in our opinion, neither the receipt from millers nor deposit with the Registrar in pursuance of the order of the Hon'ble High court should not be brought in to accounts. Rather disclosure in notes on accounts will be adequate.

5.6 Recoveries from Employees:- Rs.17,81,151.00
Principal on House Building Advances Rs.16,71,448.00

The above balance of Rs. 16,71,448.00 (including brought forward balance of Rs 12,07,658.00) represents recovery towards principal on House Building Advance from the salary of employees as against which opening outstanding House Building Advance does not appear in accounts. Therefore, the amount recovered towards principal on HBA should be shown as income in the Statement of Profit and Loss by the Company for the year.

This has resulted overstatement of "Other Current Liabilities" by Rs 16,71,448.00 as well as "Loss Before Subsidy" for the year by Rs. 4,63,790.00 and over statement of Subsidy Receivable/ Advance Subsidy classified as "Other Current Assets" by Rs 12,07,658.00. (to the extent of unadjusted brought forward balance).

5.7 EPF Payable :- (Employee's Share) Rs. 27,51,633.00

An amount of Rs.4, 78,783.00 towards Employee's share payable for the month of March 2018 was deposited in the month of April 2018 by Sambalpur, Balasore, Kendrapada, Khurda, Dhenkanal and Nayagarh district respectively for which opening balance of liabilities is not available in accounts. Further, EPF payable (Employees share) recovered from salary for the month of March 2019 by most of the districts has not been accounted for in the accounts. However CPF/EPF payable for (Employers' Share) has been shown at Nil. When there was Employees' Share outstanding to be deposited, their Employer's share can never be nil.

This has resulted understatement of "Prior Period Expense" by Rs. 4,78,783.00 and Overstatement of "Loss Before Subsidy" for the year by similar amount.

5.8 CPF OMC Employers share:- Rs.2, 02,438.00

A sum of Rs.2,02,438.00 was deposited by the Company during April 2018 towards of



employers share for the month of March 2018 in respect of deputationists (OMC) not provided for in the accounts during the year 2017-18.

This has resulted understatement of "Prior Period Expense" for the year by Rs.2,02,438.00 and overstatement of "Loss Before Subsidy" by similar amount. Further, Employer's share in respect of deputationists (OMC) for the year 2018-19 has neither been provided for in the accounts nor quantified. Its consequential impact over "Loss Before Subsidy" for the year as well as Other Current Liability not ascertained.

5.9 Stale Cheque Rs. 9,13,490.00

It includes a sum of Rs. 93,700.00 (vide cheque no. 223112 & 223113 dt. 08.03.2011) was issued to farmers towards cost of paddy sold by DPC Chandol Account of Kendrapada district. As the above two cheques were not encashed till August 2012, during the course of closure of DPC reverse entry was made by the district for Rs 93,700.00 on 24.08.2012, and then the balance amount was transferred to District Office Account (*Ref: letter no. 1356 /06.04.18 by DM, Kendrapada*) Even after closure of DPC Account and transfer of the amount to District Office, the amount has not been withdrawn from the "Stale Cheque Account".

This has resulted overstatement of "Loss Before Subsidy" for by Rs. 93,700.00 as well as overstatement of "Other Current Liabilities" by similar amount.

5.10 Outstanding Salary:- Rs. 22,79,95,665.00

Outstanding salary includes a sum of Rs. 17,63,05,967.00 pertaining to Head Office for which period wise outstanding, employee wise details, their employment status. It is further observed that a sum of Rs.14,44,14,985.00 was carried forward by Head Office since earlier year in Salary Payable Account continues to be un reconciled and unpaid

A sum of Rs.4,65,93,205.00 has been paid by Head office during the year shown under Pay & Allowance of Corporation's staff without any provision for current year or adjustment against earlier year's expense which is neither possible nor appropriate and date of subsequent payment could not be made available to us for verification. Payments made during the year out of provisions created for Rs.13,20,56,182.00 towards Arrear Pay arising out of 7th Pay Commission and Provision of Rs.3,18,92,764.00 created during the year 2017-18 towards Arrear D.A declared by the company from time to time and balance outstanding as at 31.03.2019 has not been ascertained by the Company. Further, liability arising out of retirement benefits including Arrear payable to UFO Employees after unfavorable decision of Hon'ble Supreme Court of India and other Courts has not been quantified by the company. Impact of above discrepancy Over Loss Before Subsidy for the year as well as "Other Current Liabilities" could not be ascertained.

5.11 TDS Payable Rs. 4,49,66,714.00

The above balance has been derived after setoff of debit balance of Rs 1,94,59,075.19 representing deposit of tax made by the company under various provisions of the Act without accounting of recovery of tax from various payment /provisions or liabilities



created earlier or payments made during the year. Deposit includes a sum of Rs 4,00,00,000.00 towards Advance deposit of TDS U/s. 194H of the Income Tax Act, 1961 against total TDS dues on PACS Commission for Rs.9,72,28,896.00 comprising of TDS on commission Rs. 9,65,67,978.00 and interest of Rs.6,60,918.00. However, TDS Payable U/s 194H of the Act against current years' dues as at 31.03.2019 is Rs. 2,03,05,344.00 and balance TDS amount of Rs.3,69,23,552.00 (a part of deposit of Rs. 5,72,28,896/-) was deposited by the Company in the month of April 2019. Considering advance paid for Rs. 4,00,00,000/- and balance liability due on Commission to PACS for Rs.7,69,23,552/- has not been provided for in the accounts by the company during the year / nor adjusted in the account of Dues to PACS.

Similarly, a sum of Rs 20, 00,000.00 was deposited by Kalahandi district during the year against advance TDS against reservation charges payable to OSWC for the earlier period but not duly adjusted against "Godown Rent Payable".

Further, a sum of Rs 37, 50,212.00 have been deposited during the year by Head Office towards recovery of TDS from salary U/s 192A and U/s 192B of the Income Tax Act 1961 not duly adjusted in the account of "Pay & Allowances".

This has resulted understatement of "Loss Before Subsidy" Rs 44,11,130.00 as well as understatement of "Other Current Liabilities" by Rs 8,13,34,682.00 and overstatement of "Trade Payables" by Rs 9,85,67,978.00 and overstatement of Trade Payables by Rs 7,69,23,552.00.

Similarly, Short Term Loans & Advance (**Ref Note- 8.4**) includes Rs 4,56,28,710.00 derived after set off of brought forward credit balance of TDS Payable for Rs 22,60,270.00 still remains unpaid. The above yearend balance including deposit of advance TDS deposits of Rs. 3,48,59,967.08 recovery of tax made against earlier years but has not been adjusted against TDS payable. Certain deposits are made by different districts during the year shown under this head for which recovery is shown under TDS Payable presented under "Other Current Liabilities" which in our opinion is not correct.

Considering the nature of deposit or advance, entire amount of TDS deposit against recovery shown under the heading of "Income Tax" under the broad heading of "Short Term Loans & Advances" for Rs. 4,56,28,710.00. In our opinion should have been offset against TDS Payable under the broad heading of "Other Current Liabilities"

This has resulted overstatement of "Other Current Liabilities" by Rs 45628710.00 with overstatement of Short Term Loans & Advances by similar amount.

5.12

In case of Other Current Liabilities other than Control Accounts total debit balance as at 31.3.19 includes old, dormant, unreconciled, unconfirmed and stagnant amount of Rs. 5,81,78,039.00 and set off against credit balance brought forward since past several years. These advances are either not expected to be recovered or adjusted within a period of next 12 months or operating cycle. Therefore in our opinion, such old and dormant advances



should be presented under "Long Term Loans and Advance" (Non-Current Assets) and further old and unadjusted balance of Rs 117,65,40,613.00 included in "Other Current Liabilities" and having no chance of payment or settlement within a period of next 12 months or operating cycle should be presented under "Other Long Term Liabilities" This has resulted over statement of "Other Current Liabilities" by Rs.1,18,83,62,574.00 with understatement of "Long Term Loans and Advances" (Non-Current Assets) by Rs. 5,81,78,039.00 and understatement of "Other Long Term Liabilities" by Rs.1,17,65,40,613.00

5.13 Control Accounts (Net) Rs 1,43,30,17,196.00

In view of old, dormant, stagnant, un-reconciled and unconfirmed debit balances being carried forward in accounts since past several years having no chances of realization or settlement or adjustment within a period of next 12 months or operating cycle in respect of debit balance of Rs 1,14,29,38,69,552.00 set off against old dormant / unreconciled and unconfirmed liabilities of Rs 115,72,68,86,748.00 having no chance of payment/settlement or adjustment within a period of next 12 months or operating cycle therefore in our opinion such old debit balance should be presented under "Long Term Loans & Advances" (Non-Current Assets) and old liabilities be presented "Other Long Term Liabilities".

This has resulted understatement of "Long Term Loans and Advances" (Non-Current Assets) by Rs 1,14,29,38,69,552.00 as well as understatement of "Other Long Term Liabilities" by Rs 1,15,72,68,86,748.00 and overstatement of "Other Current Liabilities" by Rs 1,43,30,17,196.00.

B. ASSETS

6. REF: NOTE: 6:-FIXED ASSETS Rs. 30,77,26,224.00

6.1 The company has not classified fixed assets into tangible and intangible assets given in the Note-6 under the broad heading of "Fixed Assets" forming part of financial statements. Further, order of presentation of Fixed Assets has not been made as per the requirements of Schedule-III of the Companies Act, 2013.

6.2 The company has not correctly reassessed useful life and residual values of different assets (both tangible and intangible) as prescribed under Part C of Schedule II of the Companies Act 2013 in case of various own assets as well as assets created out of grants right from the period commencing from 1st April 2014. The financial statement does not disclose impact over statement of profit and loss from F/Y 2014-15 in case the lower useful life of certain assets has been assessed and taken by the company in accounts for the purpose of calculation of depreciation along with justification duly supported by technical advice.

The company has not quantified the effect of transitional provision with respect to useful life of fixed assets either in the opening balance of retained earnings or by way of charge off to statement of profit & loss where the remaining useful life is nil.

Impact of non-reassessment/improper assessment of useful lives as well as residual value of different assets over "Loss Before Subsidy" since the financial year 2014-15 till date,



over "Subsidy Receivable" / Advance Subsidy (Other Current Assets) as well as Fixed Assets as at 31.03.2019 has not been quantified by the company.

6.3 Godown Rs. 83,55,578.00

The Company has transferred 127 numbers of old, small, unscientific, unserviceable and abandoned godowns to Co-operation Department, Government of Odisha, during the year 2017-18 though possession of those godowns are yet to be handed over. W.D.V of the godown transferred nor depreciation charged on those godowns being old, damaged, unscientific, abandoned and not in use since the year 2017-18 have not yet been withdrawn from Accounts nor appropriate write off of Capital Reserve in the accounts has been made by the Company in respect of those godowns constructed out of Grant in Accounts. Its consequential impact over "Loss before Subsidy" for the year as well as Fixed Assets of the Company as at 31.03.2019 has not been quantified by the Company.

6.4 Value of material items of Fixed Assets retired from active use but held for disposal has not been disclosed separately in the financial statements.

6.5 Impairment Loss:-

The Company has not ascertained impairment loss in the value of Fixed Assets (Tangible & Intangible assets) in accordance with Accounting Standard-28 issued by the Institute of Chartered Accountants of India.

7 REF: NOTE: 7.1:-NON-CURRENT INVESTMENT Rs.10,00,000.00

7.1 It represents 1000 Equity shares @ Rs.1000.00 each invested in Share Capital of Odisha Wholesale Consumer Co-operative Federation Limited. Copy of the audited accounts of the Federation since the date of original investment has not been made available to us for verification in order to assess its net worth and profitability. In our opinion, the carrying cost of the investment is nil. Considering its permanent decline in value, the entire value of investments be fully provided for as doubtful investment in the accounts. On account of such non provision "Loss Before Subsidy" for the year is understated by Rs.10,00,000.00 and value of non-current Investment is overstated by similar amount.

8. REF:NOTE:8.1:-INVENTORIES Rs. 65,52,57,14,202.00

8.1 Stock of Sugar:- Rs.4,89,395.00

Closing stock of sugar for Rs.4,89,395.00 is being carried forward in the accounts by the company without availability of any physical stock since earlier years. Considering the nature of item and complete deterioration in quality, its realizable value is to be taken as nil.

This has resulted understatement of "Loss Before Subsidy" for the year as well as overstatement of Inventories by Rs.4,89,395.00 to the extent of non-provision for diminution in value of stocks and non-availability of stock with the company.

8.2 Valuation of Stock:-

In accordance with the practice being followed, the Company values the stock of Custom Milled Rice and at MFPS and RRCs at Economic Cost of Govt. of India.

The said Economic Cost is fixed provisionally and separately for cost of new bags used by the Govt. of Odisha and its agencies for the procurement of Custom Milled Rice (FAQ) for



the Central Pool and for DCP Scheme and Custom Milled Rice procured under (FAQ) specification retained for distribution under the DCP during the KMS for the 2018-19 in respect of Govt. of Odisha & its agency etc. separately for Raw-Rice and Par Boiled Rice. The said provisional Economic Cost includes certain indirect cost like Interest Charges, Administrative Charges and Distribution Cost. *The basis of valuation i.e. at Economic Cost to Govt. of India both for opening stock as well as closing stock is not in accordance with Accounting standard-2 prescribed by ICAI.*

The company has not ascertained the impact of such inclusion of indirect cost in both Opening stock as well as Closing Stock resulting departure from Accounting standard-2 by ICAI. Its impact over Loss Before Subsidy for the year as well as inventories has not been ascertained.

9. REF: NOTE:8.2:- TRADE RECEIVABLES Rs.7,93,88,24,589.00

9.1 Dues from FCI:-

More than six months:	Rs. 724,82,82,095/-
Less than six months:	<u>Rs. 25,40,97,502/-</u>
	Rs. 750,23,79,597/-

Annapurna Scheme:-

Less than six months:- Rs.40,77,01,531.00

Against sale for Rs. 4,93,64,921.00 made under this scheme by the Company during the year, a sum of Rs.560,64,000.00 has been received resulting reduction of opening balance. Under the said scheme receivable accrues monthly to the extent rice is distributed to the beneficiaries as per the allocation of Government of Odisha.

In respect of both the cases, dues from FCI as well as Annapurna scheme bifurcation of receivable in to less than six months and more than six months from the date they are due for payment without production of any month wise working of sales as well as debts is not correct.

More Than Six Months

(Unsecured)Others:- Rs.6,05,770.00

It represents the amount receivable from various Government Departments and Agencies towards sale of Petrol, Oil and Lubricants continues in accounts without any recovery or adjustment and no-follow-up action for recovery has been taken by the company since earlier years. On account of non-availability of party wise/period wise details in our opinion, chances of recovery are Nil. Therefore, provision or the doubtful receivable or write off is to be made in the accounts during the year by the Company.

This has resulted understatement of "Loss Before Subsidy" for the year as well as overstatement of "Trade Receivables" by Rs.6,05,770.00.

The above year-end balance in Trade Receivable of Rs 75,50,23,79,597.00 has been derived after setting off advance received for Rs.50,31,75,331.00 against brought forward balance / receivable of Rs.800,55,54,299.00. Again in some of the districts, advances are received in spite of huge brought forward balance without any sales during the year. In some cases,



sales are made without any receipt of advance during the year. In our opinion, credit balance of Rs.50,31,75,331.00 so set off should be presented under "Trade Payables".

This has resulted understatement of Trade Payables by Rs. 50,31,75,331.00 as well as understatement of "Trade Receivables".

10. REF:NOTE:8.3:- CASH & CASH EQUIVALENTS Rs. 4,55,68,34,193.00
10.1 Cash in Hand:- Rs.68,96,344.00

It includes a sum of Rs.64,30,904.00 being stagnant cash balance lying the books of various district offices of the company continuing in accounts since past several years without availability of any physical cash either at the beginning of the year or at the end of the year leading to possibility of defalcation of cash. In our opinion, such stagnant cash balance not physically available either should be provided for or be written off in the Accounts In case of non-identification of person/officials responsible for the defalcation. Therefore, chances of recovery is Nil. Despite of our adverse comments made by us in our earlier reports no effective steps has yet been taken by the company.

On account of such non-provision/ non write off in accounts, this has resulted understatement of "Loss Before Subsidy" by Rs.64,30,904.00 with an overstatement of "Cash & Cash equivalents" by similar amount.

10.2 Cash at Banks Rs 1,65,59,44,185.00

Bank Balances includes brought forward un-reconciled difference having total debit balance of Rs.17,36,78,465.00 and total credit balance of Rs.1,19,97,873.00 respectively representing old cheques & DDs received but not credited to bank accounts or cheques issued but not yet presented for payment but, not debited to bank accounts are still lying unadjusted in the books of different districts and head office of the company since past several years. In our opinion, there is a remote possibility of payment or adjustment or reconciliation or encashment in near future.

On account of non-availability of relevant details in our opinion, the above balance either should be fully provided for or be written off in the accounts during the year. This has resulted understatement of "Loss Before Subsidy" for the year as well as overstatement of "Cash & Cash Equivalents" by Rs.16,16,80,592.00(Net).

10.3 It includes a sum of Rs. 89,81,30,050.31 lying in Punjab National Bank Kolkata C/A 2186002100235910 as at 31.03.2019 but balance lying in the said account for Rs. 96,38,81,161.61 as at 31.03.2018 (*not incorporated in the books of account of the company to 31.03.2018*) has not been included in the bank balance of Rs. 80,26,84,578.00 for the purpose of proper comparison nor the fact of non-inclusion of bank balance as at 31.03.2018 has been suitably disclosed by way of a note.

10.4 Fixed Deposits Rs 95,31,54,246

Balance confirmation certificates of fixed deposits as at 31.03.2019 lying with Corporation Bank, Indian Bank, Central Bank of India and Punjab & Sind Bank covering an amount of Rs. 80,89,01,921.00 has not been made available to us for verification

10.5 Punjab & Sind Bank(Flexi Account) Rs. 10,00,000.00

Interest earned for Rs. 2,75,714.00 during Financial Year 2018-19 in the S.B account has not



been accounted for by the Company. This has resulted understatement of "Other Long Term Liabilities" by Rs. 2,75,714.00 representing schematic funds as well as understatement of "Cash and Cash Equivalents" as at the yearend by similar amount.

- 10.6 Punjab National Bank Savings Flexi A/c (Kolkata-JC):- Rs.1,44,28,50,000.00**
Balance of Rs. 8,35,50,000.00 lying in Flexi Account as at 31.03.2018 (not shown in books of account) since earlier period has not been shown in the said Note-8.3 in the financial statements for the purpose of proper comparison of the figure with that of the figures relating to previous year nor the fact has been suitably disclosed by way of a note.
- 10.7** Interest accrued and due on Fixed Deposit (Flexi Deposit) with Punjab National Bank Kolkata for the year 2017-18 has not been accounted for by the Company. However, the Company has accounted for interest receivable for Rs.3,52,70,932.00 on Fixed Deposit (Flexi) with Punjab National Bank, Kolkata, for the year 2018-19. again for the first time in accounts and the amount has been presented under the heading of "Other Current Assets" in *Note-8.5* though interest receivable on all other fixed deposits including those represented under different schemes have been included in balance of Fixed Deposits and shown under "Cash & Cash Equivalent" given in *Note No. 8.3* implying varied practice of disclosure of account of similar nature.
- 10.8** Balance of fixed deposit includes a sum of Rs 1,31,296.00 lying with Corporation Bank Bhubaneswar invested on 05.04.2015 for Rs 93872.00 having a maturity period of 5 years has not been suitably disclosed under the sub-head of "Other Bank Balance" again under the broad heading of "Cash & Cash Equivalents".
- 10.9 Remittance In Transit:- Rs. 44,18,00,382.00**
The above balance includes a sum of Rs.29,44,74,631.00 (net of credit balance) being carried forward in accounts since past several years. Therefore, in our opinion, debit balance of Rs 31,44,74,631.00 and credit balance of Rs 2,00,00,000.00 set off against debit balance should be presented under "Other Non-Current Assets" and credit balance for Rs.2,00,00,000.00 so set off being old, dormant and un-reconciled having no chance for immediate settlement/payment or adjustment should be presented under "Other Long Term Liabilities".
This has resulted understatement of "Cash and Cash Equivalent" by Rs. 2,00,00,000.00 with over statement of "Other Long Term Liabilities".
- 10.10 Outstanding Sales Proceeds:- Rs. 5,45,66,130.00**
Sales proceeds receivable from Procurement Inspectors/Marketing Inspectors, and Sundry Debtors-OSP (Sugar), OSP (Rice), Palmoline Oil and Bankers Drafts in hand represents old, unreconciled, unconfirmed brought forward balance having no chance of realization within a period of next 12 months or operating cycle derived after setting of credit balance of Rs.4,53,227.54 shown in some sub-heads and net amount is shown under "Cash & Cash Equivalents" in accounts. Out of above balance, a sum of Rs.5,18,58,978.00 should be presented under "Other Non-Current Assets" and credit balance so set off for Rs.4,53,228.00 should be presented under "Other Long Term Liabilities" being old and dormant in nature and there is no chance of immediate settlement/payment or



adjustment within a period of next twelve months or operating cycle.

This has resulted understatement of outstanding Sales Proceeds (Other Non-Current Assets) by Rs. 5,18,58,978.00 and understatement of "Other Long Term Liabilities" by Rs. 4,53,228.00 and overstatement of cash & cash equivalents by Rs. 5,14,05,750.00 Balance amount of Rs. 36,13,608.00 should be presented under "Trade Receivables" (Outstanding for a period exceeding six months).

Further, order of presentation given in the relevant note that is Note 8.3 of the financial statements with respect to "Cash and Cash Equivalents" is strictly not as per the disclosure requirement of Schedule III to the Companies Act, 2013.

11.	REF:NOTE:8.4:- SHORT TERM LOANS & ADVANCE	Rs.42,35,62,877.00
11.1	(i) Advance for Construction /Renovation of Godown/Office	Rs. 3,93,76,525.00
	(ii) Advance for Building for(Creation of Capital Assets)	<u>Rs. 4,69,81,586.00</u>
	Executive Engineers & BDOs	Rs. 8,63,58,111.00

Considering the nature and purpose of advance, the above advances should be presented under "Capital Advance" instead of "Short Term Loans & Advance".

This has been resulted understatement of "Capital Advance" by Rs 8,63,58,111.00 and Over statement of "Short Term Loans & Advances" by similar amount.

11.2	Advance for NFSA Expenses:-	Rs.4,78,43,196.00
-------------	------------------------------------	--------------------------

It includes substantial amount of Rs.4,58,22,877.00 being carried forward by the company since last few years in the name of BDO/ULB/DRDA/Staff including balance of Rs.1,86,53,558.00 lying in the name of CSO-Cum-D.M.s of different districts for which D.M. wise and in other cases, BDO wise/staff wise details, their present service status /period wise details along with reason of non-adjustment or non-submission of utilization certificates against unadjusted advances are not available for verification again lying unconfirmed, unreconciled and unadjusted.

11.3	Advance for SFSS Expenses:-	Rs. 3,51,42,651.00
-------------	------------------------------------	---------------------------

Advance for Rs. 3,62,49,181.00 against SFSS Programme have been given to BDOs, Executive Officers of ULB, ACSO, DRDA, Marketing Inspectors, Municipality Commissioner and Deputy Commissioners of Municipalities during the year against which only a very nominal adjustment of Rs. 11,06,530.00 have been made leaving an unadjusted advance of Rs. 3,51,42,651.00 as at the year end.

As the company does not strictly follow accrual basis of accounting the extent of provision / adjustment / required to be made with respect to "Advances for NFSA Expenses" and "Advances for SFSS Expenses" in accounts during the year against such huge advances paid. Its consequential impact over "Loss Before Subsidy" for the year as well as "Short Term Loans & Advances" could not be ascertained and commented by us.

11.4	Security Deposits:-	Rs. 2,04,68,776.00
-------------	----------------------------	---------------------------

The above amount deposited with BPCL/HPCL/Other parties by the Company mostly in connection with running of gas/cylinder business and with all other business is not supposed to be discontinued with in a period of next 12 months or operating cycle nor has a chance of immediate refund or liquidity. Considering its nature and purpose, it should be



presented under “Long Term Loans & Advances” (Non-Current Assets) instead of “Short Term Loans and Advances”.

11.5 Advance to Employees:- Rs. 9,50,41,412.00

It includes brought forward advance of Rs.9,46,50,514.00 after set of credit balance of Rs.2390472.00 lying in the name of different staff, for various purposes like Temporary expense, Festival ,Medical, Traveling, Expense and P-Pass Expense remaining unadjusted/ unrecovered since past several years

Further it includes substantial amount in the name of CSO-cum-D.M. for Rs.2,19,88,631.00 further including Rs.14121220.00 in the name of CSO cum DM, Sonepur district against P.PASS expense brought forward andRs.2,58,63,576.00 in the name of Sales Assistants -cum-Godown Assistants. It is observed that no festival advance has been paid by Kandhamal district during the year. Similarly huge advances are remaining unadjusted against Travelling Expenses (including Rs 27,49,853.00 by Head office)

Further present status of employment of those employees with the Corporation has not been informed to us. In absence of fullest information on reason of non-adjustment/ non-recovery *we are unable to ascertain its impact over “Loss Before Subsidy” for the year as well as over “Short Term Loans and Advances”*

A sum of Rs.3,21,620.00 has been recovered against House Building Advance from staff for which opening balance of advance is not available in accounts and not transferred to income for the year .

This has resulted overstatement of “Loss Before Subsidy” by Rs.321620.00 and understatement of “Short Term Loans and Advances” by similar amount.

11.6 Advancefor Legal& Professional Fees Rs. 6,90,750.00

In addition to brought forward unadjusted advance of Rs 1,89,450.00, a sum of Rs 5,01,350.00given during the year including that of Rs. 4,75,000.00 paid to an Advocate in connection with CONTC cases filed before Hon'ble Supreme Court of India and Rs. 20,000.00 to a Chartered Accountant and Rs. 6,300.00 to an advocate for different professional services lying unadjusted due to non-submission of bills by the parties though services have already been rendered by them to the Company during the year.

This has resulted understatement of “Loss Before Subsidy” by Rs 5,01,300.00 and overstatement of “Short Term Loan & Advances” by similar amount.

11.7 Advance to FS & CW Deptt: - Rs. 8,70,166.00

A sum of Rs.17,20,166.00 vide Cheque No. 536615 dt. 20.01.2018 for Corporation Bank, Bhubaneswar was drawn in favour of DDO, FS & CW Department for purchase of a new TOYOTA Innova Car for official Use of Commissioner-cum-Secretary to Government FS & CW Deptt. (Vide letter dt. 24.01.2018 issued by General Manager (Technical) to the Deputy Secretary to Government, FS & CW Deptt. Odisha, Bhubaneswar. Amount of Rs 8,70,166.00 was paid out of administrative charges by the company and the FS & CW Department has already paid Rs 8,50,000.00 for purchase of the vehicle but balance amountis not recoverable from the department but, has not been adjusted as administrative expense by the company.



This has resulted understatement of "Prior Period Expense" by Rs. 8,70,166.00 with overstatement of "Short Term Loans & Advances" by similar amount.

11.8 Advance Recoverable from CWC, Junagarh Rs. 13,83,171.00

The above amount is receivable from CWC, Junagarh, towards revised claims for carrying cost and differential cost of damaged CMR disposed of by the company through tender process in terms of letter no.2269 dt.28/5/18 issued by CSO, Kalahandi to the M.D. of the Company.

Similarly, a sum of Rs.19,64,159.00 is payable to CWC, Junagarh by Kalahandi district towards Godown Reservation Charges for the period from August 2017 to March 2018. The above Receivable is adjustable against Reservation Charges Payable which was provided for in the accounts during F/Y 2017-18 but without adjustment of above advance.

This has resulted understatement of "Prior Period Expense" by Rs.19,64,159.00 as well as understatement of "Loss Before Subsidy " by Rs 580,980.00 and overstatement of Short Term Loans & Advances by Rs 13,83,171.00.

11.9 In respect of Short Term Loans and Advances, the balances includes brought forward advances of Rs.22,63,80,762.00 in different subheads as described above remaining old, dormant, unreconciled and unconfirmed having a remote chance of recovery or adjustment within a period of next 12 months or operating cycle and it should be presented under "Long Term Loans and Advances" (Non-Current Assets) instead of "Short Term Loans and Advances".

Similarly, It includes old, stagnant, dormant, unreconciled and unconfirmed liabilities of Rs 1,25,33,115.00 in different subheads carried forward in accounts since past several years for which party wise period wise details not available for verification and set off against such unreconciled advances having no chance of payment or settlement within in a period of next 12 months or operating cycle , should be presented under "Other Long Term Liabilities" instead of netting of against "Short Term Loans and Advances".

12. REF: NOTE:8.5:- OTHER CURRENT ASSETS Rs. 48,76,91,16,005.00

12.1 Amount Receivable from SRC Rs. 1,13,24,503.00

It includes brought forward unreconciled balance of Rs.12,43,520.00 shown as receivable from SRC. In addition to above, the company shows a balance recoverable of Rs.1,00,80,983.00 as at 31.03.2019.

Refer to letter no. 4337 dt. 26.02.2020 and letter no 2369 dt 04.02.2020 of FS & CW Dept and letter dt 11.02.2020 by the Company along with utilization certificate relating to Titili 2018 submitted wherein it is stated that:-

The company has received a sum of Rs. 20,31,49,630.00 from Govt. towards cost of rice and other relief materials supplied by the company to the people affected by cyclone storm Titili 2018. Cost of Rice 67791 quintals @ Rs. 2937.91 per quintal with transportation charges, handling charges and retailers margin to the extent of Rs. 88,39,180.00 thus



aggregating to Rs. 20,80,03,027.00 Further, the company has also supplied chuda, gud, candles and match box to Gajapati district for relief distribution. **The cost of these materials and other incidental expenditure incurred was reported to be under collection and reconciliation with the supplying district of the Company. The final bill will be submitted to SRC after such reconciliation is completed** (Ref: utilization certificate dt. 07/03/2020) and the balance may undergo a change only after submission of final bill and completion of reconciliation. Claims figures as appearing in books of company for Rs 10080983.00 has not been reconciled with utilization certificate so furnished dated 07.03.2020 to SRC.

12.2 Advances to Suppliers (Goods) Rs 83,12,18,597.00

It includes Advances to FCI for various items like Rice, Wheat, Sugar SRM for Rs. 75,06,20,236.00 are subject to confirmation and reconciliation. Substantial portion of the advances are being carried forward from earlier period as old, dormant, stagnant and having a remote chance of recovery or adjustment within a period of next 12 months or operating cycle, which should be presented under "Long Term Loans and Advances" (Non-Current Assets)

12.3 Advances to Others Rs 31,31,726.00

It includes a sum of Rs 25,43,700.00 paid towards "Advances to R&B for Capital Storage" is to be presented under "Capital Advance" considering its nature, purpose instead of "Other Current Assets". This has resulted understatement of "Capital Advance" by Rs. 25,43,700.00 and overstatement of "Other Current Assets" by similar amount.

12.4 (i) TC on Paddy Receivable from FCI Rs. 2,46,48,76,178.00

(ii) TC on CMR Receivable from FCI Rs. 1,44,75,80,330.00

(iii) Sugar Claim Receivable from FCI Rs. 50,46,38,380.00

Rs. 4,41,70,94,888.00

The above balance are subject to confirmation and reconciliation. Considering the nature of dues and poor recovery/non-recovery and substantial amount being old, dormant, unreconciled and unconfirmed in our opinion, the balance should be presented under "Long Term Trade Receivable" (Other Non-Current Assets) instead of "Other Current Assets".

This has resulted understatement of "Long Term Trade Receivable" (Other Non-Current Assets) by Rs 4,41,70,94,888.00 with overstatement of "Other Current Assets" by similar amount.

12.5 Advance To DGSD, Gunny:- Rs. 2,37,19,917.00

A sum of Rs 14,00,00,000.00 was received against brought forward outstanding balance of Rs 16,37,19,917.00 only after Joint final reconciliation with the Company is made and agreed. Thus the above amount is irrecoverable but has not been written off in accounts.

This has resulted understatement of "Loss Before Subsidy" for the year by Rs 2,37,19,917.00 with overstatement of "Other Current Assets" by similar amount on



- account of such non-write off.
- 12.6 Advance to Suppliers (Services) Rs. 45,80,25,709.00**
Advance To Transport Contractor (Level- I):- Rs. 2,22,64,457.00
 It includes brought forward stagnant unreconciled balance of Rs.1,47,64,457.00 for which party wise / period wise details are not available for verification, again lying dormant and stagnant.
- 12.7 Advance of Transport Contractors-(State Level):- Rs. 65,00,000.00**
 A sum of Rs.58,28,601.00 payable to M.J. Road lines towards Transportation Charges on CMR for the year 2017-18 by the Company. This has resulted understatement of "Prior Period Expense" for the year by Rs.58,28,601.00 as well as overstatement of "Loss Before Subsidy" by similar amount.
- 12.8 Advance to Transport Contractors-Gunny Bales: Rs. 10,00,000.00**
 It includes a sum of Rs. 12,37,051.00 Payable towards transport charges on Gunny for the year 2017-18 to M/s. M.J. Roadlines against which a sum of Rs. 10,00,000.00 was already given as an advance during F/Y 2017-18 but erroneously shown under "Advance to Transport Contractor-Level-I" during that period but at the time of recovery again the advance paid was credited to "Advance to Transport Contractor (Gunny Bales)" without opening balance thus showing credit balance.
 This has resulted understatement of "Prior Period Expenses" by Rs. 12,37,051.00 and over statement of "Loss Before Subsidy" by similar amount.
- 12.9 Dues from CSO: Rs.2,49,713.00**
 Dues From- Sales Assistants Cum.
 Godown Assistants **Rs. 20,31,451.00**
Rs.22,81,164.00
 These balances are lying old, stagnant, unreconciled, unconfirmed unrecovered and carried forward in accounts since past several years. Staff wise / period wise details are not available for verification. Present employment status of those staff are also not available with the Company. *Amount required to be set off against liabilities to CSO or Sales Assistants Cum Godown Assistants could not be ascertained.* Therefore in our opinion, the amount should be presented under "Long Term Loans & Advances"(Non-Current Assets) *In absence of detailed information, to what extent provision for doubtful dues or write off is required to be made in accounts. Could not be commented.*
- 12.10 Misappropriation of Stock Value Receivable:- Rs. 1,79,48,16,086**
 We have gone through a party wise detailed statement of Misappropriation of Stock/ Shortage Receivable as at 31.03.2019 furnished by the company for our verification. It is observed that, in some cases excess amount of Rs 4,29,97,945.00 was received from different millers of different districts wherein either receipts are more than recoverable or payable and have been credited to the account of different Millers in this account showing credit balance ultimately and set off against debit balances of other parties shown under "Misappropriation of Stock and Shortage Receivable". Further, accounts of those millers have not been reconciled or confirmed for which period wise



shortage, nature and details of such receipt and reason of showing credit balance has not been explained to us. In our opinion, credit balance of Rs. 4,29,97,945.00 so set off should be presented under "Other Long Term Liabilities"

This has resulted understatement of "Other Current Assets" by Rs. 4,29,97,945.00 as well as "Other Long Term Liabilities" by similar amount.

On the basis of a party wise statement of approved Special Audit Reports of different millers during the year 2018-19 produced before us by the Company for our verification, it is observed that, amount of Rs. 1,03,04,303.54 is recoverable from M/s. Ganapati Par Boiling (P) Ltd, Bhadrak against KMS 2015-16, M/SSinghasini Rice Mill, Ganjam, M/SSubhas Rice Mill, Ganjam, M/S Maa Kali Rice Mill, Ganjam, M/S Mahaveer Rice Mill, Ganjam all against KMS 2012-13 and M/S Kalisundari Rice Mill, Nabarangpur. An amount of Rs. 10,95,897.00 is shown as payable to M/s. JDS Agro Industries Pvt. Ltd, Bhadrak but as per accounts, a sum of Rs. 10,10,073.00 has already been refunded to JDB Agro Industries Pvt. Ltd (belonging to same concern) on dt. 14.02.2019 through Union Bank of India, Bhadrak but *erroneously shown in the statements* payable. Further a sum of Rs. 62,434.68 is shown as payable to M/s. Meeracle Ashwathe Rice Mill, Mayurbhanja, which has neither been confirmed nor reconciled with the books of account of the Company.

Further in the statement, a credit balance of Rs. 1,71,870.00 shown from "Other Millers" Rs. 8,91,476.00 towards "Shortage Value Recoverable", Rs. 9,96,559.15 towards MFPS Cash (Malkanagiri) and Rs 48,23,026.00 towards RRC (Special Audit) *for which party wise / period wise details and reason of non-recovery has not furnished to us for verification.*

Further balance as at 31.03.2018 and 31.03.2019 shown in the statement do not agree with that of the balance shown under this head in the accounts.

(I) **Kalinga Agricultural Private Limited**

It is observed that, a sum of Rs. 3,36,72,123.00 is shown as receivable from the above party whose whereabouts is not known and no legal or certificate case is being filed by the Company till date. In our opinion, the amount is irrecoverable and the amount should be fully provided for in the accounts as doubtful receivable or written off during the year.

(II) **Maa Charchika Foods Pvt. Ltd.**

A sum of Rs 158,23,017.00 is shown as recoverable from the above party as at 31.03.2019 as per accounts after consideration of deposit of Rs. 76,12,840.00 (including Rs. 6,12,840.00) on 09.04.2018) during the period from 12.02.2018 to 09.04.2018 by Cuttack district against demand of Rs. 1,12,83,141.00 made by the company towards balance amount of shortage value and interest there on as per case filed under OPDR Act. Directors of the company have prayed for exemption of the entire interest amount charged for Rs. 36,70,301.00



thereon (Ref. letter No. 2381 dt. 13.04.2018) issued by CSO-Cum-DM, OSCSC Ltd, Cuttack forwarded to head office for their consideration. *However status of accounting or waiver of such differential demand towards interest for Rs. 36,70,301.00 has not been informed to us.*

In our opinion, the amount is irrecoverable and should be fully provided for as doubtful receivable in the accounts during the year.

This has resulted understatement of "Loss Before Subsidy" by Rs. 4,94,95,140.00 and overstatement of "Other Current Assets" by similar amount.

Amount receivable from various millers as shown by Legal Deptt of the Company do not agree with that of the figures appearing in the books of accounts may be due to application of interest and penalty or other charges recoverable shown in legal deptt. but not shown in accounts and due to uncertainty in realization of such amount when there is no recovery of amount of misappropriated stock/shortage and in view of poor recovery and pending legal cases in almost all the cases.

Therefore, it is not appropriate to treat the entire balance outstanding as good and recoverable and present the amount recoverable as "Other Current Assets" without making any realistic assessment on a periodic basis so as to make required provision for doubtful receivable or write off as the case may be.

In view of non-realistic assessment of recoverable amount by the Company on case to case basis, we are unable to comment to what extent the amount is required to be provided as doubtful receivable or write off in the accounts. Therefore, in our opinion, the amount outstanding up to 31.03.2017 for Rs 1,61,90,09,785.00 should have been presented under "Other Non-Current Assets".

This has resulted understatement of "Other Non-Current Assets" by Rs. 1,61,90,09,785.00 and overstatement of "Other Current Assets" by similar amount.

12.11 Shortage Receivable from CWC/OSWC

Against Cost of Damaged Stock: Rs. 15,15,73,415.00

In terms of letter no. 4254 dt. 16.03.2020 by Managing Director of the Company, a sum of Rs. 9,84,39,160.00 and Rs. 5,31,34,255.00 is recoverable from CWC & OSWC towards cost of damaged Stock (CMR) during the KMS 2010-11 to KMS to 2013-14 respectively has been accounted for by the Company, though not received during the year and credited to Prior Period Expense but not adjusted against outstanding godown rent payable both to CWC & OSWC Ltd. *Further status of acceptance of the claim amount by CWC & OSWC Ltd has not been informed to us. Position of outstanding of godown Rent payable both to CWC & OSWC Ltd by the Company against defaulting godowns having default of recoverable and the extent of damaged stock was accounted for in the company in the year of occurrence has also not been ascertained by the Company and not commented by us. Further to what extent it was reflected in the quantitative details (stock register) during the KMS 2010-11 to 2013-14 has also not been informed to us.*

Apart from above, huge old and dormant advances of Rs 4,20,25,468.00 is lying with OSWC remains unadjusted/unrecovered and unreconciled.



- 12.12 National Savings Certificate (NSC):- Rs.1,25,200.00**
- The above amount represents investment in N.S.C made by the company during earlier period against which full particulars like date of investment, purpose of investment, period of maturity, reason of non-encashment and reason of non-recognition of interest accrued during the period are not available on record with the Company for our verification again identified as old, dormant and un-reconciled by the Company. In our opinion, the amount should be written off in Accounts.
- This has resulted understatement of "Loss Before Subsidy" for the year by Rs.1,25,200.00 with corresponding overstatement of "Other Current Assets" by similar amount.
- 12.13 TDS Receivable:- (Income Tax) Rs.2,54,18,114.00**
- TDS Receivable Account includes a sum of Rs. 85,69,970.00 lying in the books of Baragarh old, dormant, un-reconciled and un-recoverable. Further this account has not been reconciled with the Income Tax return filed by the Company from time to time. It includes a sum of Rs. 50,68,632.00 towards refund claimed in Income Tax return by the Company for Assessment year 2018-19. Out of which only a sum of Rs. 41,21,502.00 has been accounted for as TDS Receivable in the books of account of the Company. Against above refund claim, only refund for Rs. 36,96,516.00 was allowed at the time of assessment by the department. The Company was liable to pay Rs. 14,75,026.00 including interest on income tax for Rs. 1,02,910.00 as per the Assessment order passed U/s. 143(3) of the Act dt. 20.04.2021. Excess receivable for Rs. 4,24,986.00 appearing in Accounts under this head has not been written off nor interest payable on income tax for Rs. 1,02,910.00 has not been provided for in the Accounts during the year.
- Similarly, the Company had made an excess erroneous claim of TDS of Rs. 35,62,553.00 for the Assessment year 2019-20 based on its provisional accounts for the period against which the Company was liable to pay Rs. 35,02,440.00 towards income tax after adjustment of interest due U/s. 244A of Rs.60,113.00 vide order passed U/s. 154 of the Income Tax Act, 1961 dt. 06.11.2020.
- However excess receivable amount appearing in accounts for Rs. 1,24,97,396.00 for both for the Assessment years 2018-19 and 2019-20 has neither been written off in accounts nor interest payable for Rs. 1,02,910.00 relating to Assessment year 2018-19 has been provided for in the Accounts of the Company during the year.
- This has resulted understatement of "Loss Before Subsidy" by Rs. 1,26,00,306.00 as well as Other Current Liabilities by Rs. 1,02,910.00 and overstatement of "Other Current Assets" by Rs. 1,24,97,396.00.
- 12.14 GST Receivable From Jute Commissioner, Kolkata Rs.1,06,42,287.00**
- A sum of Rs.3,61,73,832.04 has been deposited under IGST, CGST & SGST from Gunny suppliers vendor through jute smart by the company during the month of April 2019 against GST dues for the year 2018-19 against which a sum of Rs. 2,55,31,545.00 has been refunded by Jute Smart Credited through Punjab National Bank Kolkata during the year. The balance receivable amount for Rs. 10,64,22,87.00 has not been accounted for by the company during the year.



This has resulted understatement of “Other Current Assets” by Rs 1,06,42,287.00 as well overstatement of “Loss Before Subsidy” for the year by similar amount.

- 12.15** In respect of “Other Current Assets” balance includes brought forward debit amount of Rs.41,45,23,03,996.00.00 in different subheads presented under “Other Current Assets” being old, stagnant, dormant, un-reconciled and unconfirmed having no chance of realization or adjustment within a period of next 12 months or operating cycle. should be presented under “Long Term Loans and Advances” (Non-Current Assets). Similarly, It includes stagnant, dormant unreconciled and unconfirmed credit balances of Rs 20,49,44,15,257.00 in different subheads carried forward in Accounts *since past several years for which party wise/period wise details are not available for verification*, having no chances of payment or settlement within a period of next 12 months or operating cycle. again setoff against “Other Current Assets” should be presented under “Other Long Term Liabilities” instead of showing under “Other Current Assets”.

This has resulted understatement of “Long Term Loans and Advances” (Non-Current Assets) by Rs. 41,45,23,03,996.00 as well as “Other Long Term Liabilities” by Rs. 20,49,44,15,257.00 and overstatement of “Other Current Assets” by Rs 20,95,78,88,739.00

C. STATEMENT OF PROFIT & LOSS:-

- 13. REF: NOTE:9:-REVENUE FROM OPERATION Rs. 35,46,52,73,037.00**

Sales of Kerosene oil and sales of gas items have been accounted for on cash basis without appropriate disclosure with respect to basis of accounting.

- 14. REF: NOTE: 10:- OTHER INCOME Rs. 178,67,64,872.00**

- 14.1 Shortage Value Rs. 4,77,03,874.00**

It includes a sum of Rs. 1,41,08,866.00 recovered from three different millers at different rates such as Rs 1621.42, Rs. 1621.48, and Rs. 1781.15 per quintal towards mis-appropriated / shortage quantity pertaining to different KMS and shown on accrual basis but not credited to Misappropriation of stock shortage recoverable during earlier period. Particulars of shortage, basis of assessment of recoverable and reason of charging different rates has not been furnished to us.

- 14.2 Interest Received on Bank on Deposits Rs 10,07,19,841.00**

Interest received includes interest on Fixed Deposit with Punjab National Bank, Kolkata (Flexi Deposit) for Rs. 3,88,33,485.00 for the year 2018-19 remaining unconfirmed and unreconciled. Further, interest accrued on the fixed deposit with the same bank for the year 2017-18 has not been shown in accounts during that period. The fact of non-accounting of accrual of interest during the financial year 2017-18 and has not been appropriately adjusted against receipt of interest during the year 2018-19 suitably nor disclosed. It's impact over statement of profit & loss for the year and “Other Current Assets” has not been ascertained.

Further, Interest Received on Short Term Deposits for Rs. 6,15,08,081.00 includes a sum of Rs. 16,39,105.00 comprising of interest of Rs. 1,75,586.00 on deposit with Corporation Bank, interest of Rs. 6,27,752.00 on deposits with Indian Bank (Market Intervention Fund) and



interest of Rs.8,35,767.00 on deposits with UCO Bank, (Market Intervention Fund) respectively towards interest accrued during earlier period but not suitably accounted for nor adjusted.

This has resulted understatement of "Prior Period Expense" by Rs 16,39,105.00 and overstatement of "Loss Before Subsidy" for the year by similar amount.

Further, interest earned/accrued on Short Term Deposits with Corporation Bank, UCo Bank, Punjab National Bank, Central Bank of India and Punjab & Sind Bank along with Income Tax deducted at sources there from during the year are subject to confirmation and reconciliation.

14.3 Bank Charges Rs. 24,18,203.00

It includes a sum of Rs. 1,07,560.00 paid towards bank charges setoff against bank charges Rs 25,25,763.00 received or credited relating to earlier year for Rs. 25,25,763.00 in the nature of Prior Period Income.

This has resulted understatement of "Finance Cost" by Rs. 1,07,560.00 as well as "Prior Period Income" by Rs. 25,25,763.00 with understatement of "Loss Before Subsidy" for the year by Rs. 24,18,203.00.

14.4 Certain income like shortage value received from Transport Contractors from Rice, Wheat, from Godown Rent (OSWC / CWC), Employees and others, cost of new gunny recovered, and recovery of Gunny cost and sale of empty bags has been accounted for cash basis without appropriate disclosure with respect to basis of accounting on these items.

14.5 Sale of Damaged (CMR Rice and Wheat) Rs.41,84,536.00

The entire amount of Rs 41,84,536.00 represents claim to Special Relief Commissioner(SRC) towards supply of damaged CMR and wheat and transport charges and other incidental charges in TITLI Cyclone occurred during the year without giving due effect of stock transfer in the quantitative details of stock. The sale and all other charges for the year are subject to reconciliation. Claim made by the Company to SRC includes Rs. 88,39,180.00 towards transport charges, handling charges and retailers margin, which does not appear to be accounted for during the year. Still there is a discrepancy of Rs. 46,54,644.00. The discrepancy is stated to be under reconciliation.

14.6 Administrative Charges Rs. 17,64,381.00

It includes a sum of Rs 14,37,813.00 being administrative charges @ 3% on sale value of Rs. 4,79,27,108.00 rice under Annapurna Scheme has been recognized as income during the year without any corresponding income shown under the head in the accounts of year ending 31st March, 2018. The reason of non-accounting in earlier year has neither been explained to us nor suitably disclosed in accounts.

14.7 Insurance in Paddy Rs. 1,45,69,060.00

It includes a sum of Rs. 1,41,59,410.00 being refund received against excess premium paid by the company to National Insurance Company Ltd for the year 2017-18, which should have been charged to Prior Period Income.

This has resulted overstatement of "Loss Before Subsidy" by Rs. 1,41,59,410.00 and understatement of "Prior Period Income" by similar amount.



15.	REF: NOTE:13:-TRADE EXPENSES:-	Rs.399,9953,585.00
15.1	Transportation on Rice for Level-II	Rs. 44,82,30,049.00
	<p>In spite of non-payment /less payment of Transport charges by certain districts like Angul,kandhamal,Keonjhar, Nabarangpur and Sonepur excess adjustment of Rs. 2,39,99,977.00 against earlier year's expenses (apart of total adjustment of Rs. 19,65,41,635.35) than payments has been made during the year by the Company.</p> <p>This has resulted understatement of "Loss Before Subsidy" by Rs 2,39,99,977.00 as well as understatement of "Trade Payables" by similar amount.</p>	
15.2	Transport Charges on Wheat for Level-I	Rs. 9,34,21,583.00
	<p>In spite of non-payment /less payment of Transport charges by certain districts like Bargarh, Kandhamal, Keonjhar and Nuapada excess adjustment of Rs 1193035.00 for earlier year's expenses than payment has been made in accounts. This has resulted understatement of "Loss Before subsidy" by Rs. 11,93,035.00 with understatement of "Trade Payables" by similar amount.</p>	
15.3	Retailer's Margin	Rs. 51,54,27,178.00
	<p>This is accounted for on cash basis by the company during the year without appropriate disclosure on basis of accounting.</p>	
15.4	Godown Rent	Rs. 71,42,65,679
15.4.1	<p>Godown Rent of the company shown at Rs. 71,42,65,679.00 for the year 2018-19 has already been almost doubled in relation to Godown Rent for Rs 35,32,13,733.00 shown against the year 2017-18. Though the Company has submitted a statement from the relevant Godown dealing section of the Company showing an estimated annual storage charges or godown rent under different arrangements for Rs. 67,94,05,512.00 but, the Company has not reconciled the amount shown in the accounts with that of the amount shown in the statement furnished.</p>	
15.4.2	<p>In spite of adverse comments made by C.A.G on the accounts for the year 2017-18, the Company has not provided for an amount of Rs. 2,59,33,063.00 towards Godown Rent (Storage & Preservation Charges) for the year 2017-18, in respect of PEG Godowns, OSWC, FCI & CWC (PEG) of some districts in the accounts during the year 2018-19, appropriate entries has not been passed by the Company to this effect.</p> <p>But, the Company has replied that, the same has already been paid during the year but such payment made during the year could not be linked by us with the outstanding amounts as covered in CAG comments.</p>	
15.4.3	Godown Rent (CWC)	Rs. 12,64,75,194.00
	<p>Payment of Godown Rent for Rs. 2,32,61,179.00 includes a sum of Rs. 62,54,455.00 paid towards Storage Charges, Weighment Charges and GST on Weighment Charges in respect of Kokasaragodown (Kalahandi district) for the period from August 2017 to March 2018 but, the same has neither been adjusted against outstanding Godown Rent Payable nor adjustment has been made against earlier year's expenses.</p> <p>This has resulted overstatement of "Loss Before Subsidy" for the year by Rs. 62,54,455.00 as well as understatement of Prior Period Expense by similar amount.</p>	



- 15.4.3 Godown Rent (OSWC) Rs. 11,89,69,561.00**
 Payment for Rs. 18,43,161.00 by Puri district during the year includes a sum of Rs. 1,16,290.00 towards storage charges of OSWC for the year 2017-18 but, has not been adjusted against outstanding Godown Rent Payable or no adjustment has been made against earlier year's expense.
 This has resulted overstatement of "Loss Before Subsidy" for the year by Rs. 1,16,290.00 as well as understatement of "Prior Period Expense" by similar amount.
- 15.4.5 Godown Rent (OSWC) Rs 1,18,96,956.00**
 Storage Charges on Actual Utilisation Basis (AUB) for the period from August 2017 to September 2018 for Rs.1,72,15,225.00 (Rs. 98,37,271.00 up to March, 2018) though paid by Nayagarh District (Ref: letter of requisition no. 720 dt. 11.02.2019 by D.M. Nayagarh) is *not found in Accounts*. Similarly, Storage Charges payable for the period from January 2019 to March 2019 has also not been quantified by the said district . Further, a sum of Rs. 25,80,000.00 paid as advance for the period from October 2018 to December 2018. shown under Advances against Godown Rent (Godown Lessors) under the broad heading of "Other Current Assets" (*Note-8.5*) remains unadjusted.
 This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 99,57,954.00 and understatement of Other Current liabilities by Rs. 1,72,15,225.00 and overstatement of "Other Current Assets" by Rs. 25,80,000.00.
- 15.4.6 Godown Rent (PEG) Rs. 4,71,09,986.00**
 A sum of Rs. 1,55,46,250.00 is payable by the Company towards Godown Rent (PEG) constructed under VGF scheme for the year as against which a sum of Rs. 22,19,140.00 has only been provided for by Kendrapada district only and balance amount of Rs. 1,33,27,110.00 has not been provided for in the accounts of the Company during the year.
 This has resulted understatement of "Loss Before Subsidy" for the year by Rs.1,33,27,110.00 as well as understatement of "Other Current Liabilities" by similar amount.
- 15.4.7 Godown Rent (OSWC) Rs 1,18,96,956.00**
 Advance of Rs. 12,90,000.00 paid by Deogarh district and Rs. 18,06,000.00 paid by Jagatsinghpur district thus aggregating to Rs. 30,96,000.00 was given during the year by respective districts against actual storage rental for the period from August 2017 to May 2018 pending finalisation of rent on Actual Utilisation Basis (AUB) & storage loss which has not been provided for in the accounts during the year 2018-19.
 This has resulted, understatement of "Prior Period Expense" by Rs. 24,76,800.00 and Loss Before Subsidy by Rs. 6,19,200.00 and overstatement of "Short Term Loans & Advances" by Rs. 30,96,000.00.
- 15.4.8 Storage Management & Reservation Charges (Godown) Rs. 36,52,40,762.00**
 In spite of non-payment /less payment under the head by Khurda ,Malkangiri and Nuapada district adjustment of Rs. 1,09,89,738.00 (out of total adjustment for Rs 80794283.59 against earlier year) has been made out of total payments for Rs.



26,06,37,034.59 during the year consequently provision made for current year expense under this head has been shown less.

This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 1,09,89,738.00 as well as understatement of "Other Current Liabilities" by similar amount.

15.5 Handling Charges to Handling Contractors:- Rs. 30,17,56,073.00

In spite of non-payment /less payment by certain districts like Balasore ,Baragarh & Rayagada excess adjustment of Rs. 1,65,93,581.00 against earlier year than payment has been made under this head during the year.

This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 1,65,93,581.00 as well as understatement of "Trade Payable" by similar amount.

15.6 Handling Charges on Rice - H & TC:- Rs. 1,88,80,810.00

An excess adjustment again earlier years' expense for Rs. 36,72,233.00 has been made against nil payments by Kalahandi and Nayagarh districts during the year resulting short provision for current years expense.

This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 36,72,233/- as well as understatement of Trade Payable by similar amount.

15.7 Prior Period Expenses (Trade):- Rs. 6,19,20,776.00

A sum of Rs. 1,42,39,091.00 has been debited to this head or shown as shortage Recoverable by Malkangiri (out of the total debit of Rs. 5,49,11,323.00 shown by the company) without any payment or recovery and full particulars of which has not been furnished.

Similarly a sum of Rs. 15,15,73,415.00 recoverable towards shortage from CWC /OSWC Ltd relating to earlier years has been credited to Earlier Year's expenses not accounted for earlier which in our opinion it should be credited to Prior Period Income.

16. REF: NOTE:14 PROCUREMENT EXPENSES:- Rs.8,96,73,64,355.00

16.1 Commission to PACS:- Rs. 1,84,48,18,859.00

As per P. PASS data commission due on procurement of Paddy through PACS for the year by the Company is Rs. 1,93,13,59,556.00 as against the same, the Company has shown a sum of Rs. 1,84,48,18,859.00 towards Commission to PACS for the year resulting a short provision of Rs. 8,65,40,697.00

This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 8,65,40,697.00 as well as understatement of "Trade Payable" by similar amount.

16.2 RMC Fees:- Rs.2,14,62,92,306.00

A sum of Rs.214,18,63,456.00 is payable @ 2% on total purchase of paddy for Rs.107,09,31,72,803.00 made by the company during the year. Thus it has resulted over statement of "Loss Before Subsidy" for the year by Rs.44,28,850.00 as well as over statement of "Trade Payables" by similar amount.



It is observed that adjustment for earlier years expenses for 149,08,65,576.00 against total payment for Rs.149,52,94,427.00 has been made by the company during the year implying there by only a sum of Rs.44,28,854.00 for the year has been paid by some districts during the year which could not be reconciled with demand notice issued by RMCs or / Registrar of Societies. It is further relevant that, a sum of Rs.9,20,20,636.00 have been provided to by Boudha and Jajpur district without any payment or adjustment against earlier year expenses, *the reason of which has not been substantiated.*

Further, short provision of RMC Fees of Rs.3,51,36,844.00 for the year 2017-18 brought out in our audit report has not yet been made in the accounts by the company. This has resulted understatement of prior period expense by Rs 3,51,36,844.00 and understatement of Trade payables by similar amount .

16.3 Milling Charges Rs.94,10,61,199.00

In addition to Milling Charges of Rs.91,32,78,039.28 shown by the company for the year a sum of Rs.277,83,160.00 (including Rs. 16,20,223.00 for Bargarh district) has been shown as Milling charges for reimbursement of GST.

It is relevant to mention that a sum of Rs.160,71,733.00 towards GST@5 % on milling charges of Rs.321,434,660.00 has been provided in the accounts and included under the head Milling Charges during the year 2017-18. Again GST Payable to Sunil Kumar Agarwal of Dhenkanal district for Rs. 1,67,053.00 included in Rs. 1,60,71,733.00 as at 31st March 2018 against outstanding, a sum of Rs. 12,35,359.00 was paid by Dhenkanal district for the period from July 17 to July 18 thereby a short provision of Rs. 10,68,306.00 in GST reimbursement for the year. As explained to us the company could not be able to ascertain GST payable on milling charges for the year 2018-19. GST payment against earlier years provision and reimbursement of GST is done based on GST return filed by custom millers only after checking the balance in GST portal. Therefore *correctness and adequacy of provision for GST on Milling Charges for the year 2018-19 could not be ascertained.* We are not in a position to comment on correctness of GST liability payable on milling charges for the year 2018-19 and adjustment or payment made against provision already created for the year 2017-18 and included in Milling Charges.

This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 10,68,306.00 as well as understatement of "Other Current Liabilities" by similar amount.

16.4 EXPENSES ON INTRA-STATE MOVEMENT AND HANDLING OF FOODGRANS CHARGES AND MARGIN TO FAIR PRICE SHOP DEALERS FOR THE YEAR 2018-19 CLAIMED FOR CENTRAL ASSISTANCE UNDER NFSA 2013.

As per the claim for release of first instalment of Central Assistance from Central Government handling of food grains during the year 2018-19 (Final claim) and Fair Price Shop Dealers margin under NFSA the company has prepared a statement showing distribution of food grains through Targeted Public Distribution System under National Food Security Act. 2013 and actual expenditure incurred on intra-state movement and handling of food grains as well as Fair Price Shop Dealers Margin, (Retailers Margin) for the year duly certified by responsible officials of the Company and it was stated to be



based on actual expenditure shown in the accounts for the actual expenditure on Intrastate Movement and handing food grains and expenditure on margin to fair shop dealers for the year which was Rs 10,749.31 Lacs and Rs 16023.84Lacs respectively. As against the same, expenditure incurred in Intra state movement and handling for Rs. 10749.31 lacs as well as approved and eligible expenditure couldnot be linked with any of the sub heads shown in the accounts as well as treatment of non-approval of Rs. 472.22 lacs in Intra State Movement and handling expenses over “Loss Before Subsidy for the year could not be ascertained. Discrepancy of Rs. 572.20 lakhs has also been observed in Retailers Margin between the figures shown in the accounts and certified actual expenditure in the statement furnished which could not be explained to us.

Hence, we are unable to comment on the impact of discrepancy over “Loss Before Subsidy” for the year as well as “Other Current Assets”.

17.	REF: NOTE: 15:- EMPLOYEE BENEFIT EXPENSES	Rs. 60,38,97,185.00
17.1	Pay & Allowance (Govt. Employees, Corporation Staff & Retirement Pension)	Rs. 44,83,84,333.00

It includes payment of Rs. 57,68,57,065.00 during the year by the Company (including payment of Rs. 19,46,98,199.00 by Head Office and Rs. 1,30,71,082.00 by Nayagarh District only against which amount of Rs. 17,05,21,187.00 and Rs. 8,73,668.00 have been adjusted against payment for earlier years with corresponding debit to outstanding Salary Account. As against the above payment Rs. 20,95,97,971.00 has been debited to outstanding Salary Account during the year. In addition to above, a sum of Rs. 7,82,53,838/- have been provided for towards current year's expense during the year. As against the above current years expense of Rs. 7,85,00,184.00 has been credited to outstanding salary. Out of total adjustment of Rs.1,76,56,48,286.00 made by the company as a whole for the year, a sum of Rs. 17,05,21,187.00 has been adjusted for earlier year's expenses out of total payments made for Rs.14,44,14985.00 during the year by Head Office under “ Pay and Allowance: which is neither possible nor appropriate. The above accounts stands un-reconciled.

Out of provision arising out of Arrear Pay towards implementation of 7th pay commission for Rs. 13,20,56,182.00 created by the Company during the year 2017-18, payments made during the year and balance outstanding as at 31.03.2019 and *full particulars of the same could not be produced by the company for our verification.*

Similarly out of provisions for Rs. 31,18,92,764.00 arising out of Arrear DA in consequence of decision by Govt. of Odisha created during the year 2017-18, payment made during the year and balance outstanding as at 31.03.2019 and *full particulars thereof could not be produced by the Company for our verification.*

However, on the basis of test check conducted by us, it is observed that a sum of Rs. 10,96,145.00 payable by Jeypore and Deogarh district during the year 2018-19 paid during the FY year 2019-20 & FY 2020-21 by the company towards UFO benefits has not been provided for in the accounts by the Company during the year.

This has resulted understatement of “Loss Before Subsidy” by Rs. 10,96,145.00 as well as understatement of “Other Current Liabilities” by similar amount.



17.2 CPF (Employer's Share & Administrative Charges) **Rs. 5,64,24,220.00**

A sum of Rs. 37,08,381.96 has been adjusted towards CPF Employer's Share against earlier year's expense out of total payment of Rs. 518,37,729.77 by the Company during the year . Similarly, a sum of Rs. 2,01,297.06 has been adjusted towards earlier years' expense under CPF Administrative Charges out of total payment of Rs. 38,16,104.70 made during the year by the Company. Employer's Contribution to CPF /EPF outstanding as at 31.03.2018 was Rs. 40,15,957.00. Thus there was a un-reconciled discrepancy of Rs. 1,06,277.98 . However a sum of Rs. 12,60,303.00 has been transferred by way of Employer's Contribution during the year and a sum of Rs. 2,07,963.53 has been adjusted in the accounts of Mayurbhanj towards Employers share for which full particulars of discrepancy could not be explained to us.

Provision for current year's expenses towards under Employer's contribution to CPF for Rs. 1,80,065.00 has only been made in the books of Mayurbhanj district. In case of all other districts *provision for Employer's Contribution to CPF and CPF Administrative Charges for the year 2018-19 has not been made in accounts nor quantified by the Company.*

On the basis of test check conducted by us, It is observed that, a sum of Rs. 6,75,850.00 payable by Head Office towards Employer's Share to CPF and CPF Administrative Charges for the year 2018-19 paid during April 2019 has not been provided for in the accounts.

This has resulted understatement of "Loss Before Subsidy" by Rs. 6,75,850.00 as well as overstatement of "Other Current Liabilities".

Further, a sum of Rs. 2,02,438.00 was paid by the Company towards CPF OMC Employer's Share relating to the F/Y 2017-18. Provision for the Employers Share (CPF) for OMC deputationist or deductions made from salary for the year 2018-19 has neither been made nor accounted for nor quantified by the Company.

This has resulted understatement of "Prior Period Expense" by Rs. 2,02,438.00 and overstatement of "Loss Over Subsidy" for the year by similar amount.

17.3 Payment to Service Providing Agency Manpower:-

Wages to SPA **Rs. 8,35,74,389.00**

It includes a sum of Rs. 8,28,56,644.00 towards wages to SPA where in *dummy adjustment of Rs. 94,23,110.00* made by the Company against of earlier year's expense by the Company. Out of total payment of Rs. 3,25,50,025.00 made during the year for which provision up to financial year 2017-18 under this head was for Rs 49,65,431.00 in respect of Head office and Balasore district was only available still remaining unpaid. Again provision for current year's expense has not been made by Jharsuguda district during the year. Though a sum of Rs. 2,98,41,321.00 has been provided as current year's expense by the Company under this head including all the districts for which SPA wise, period wise details along with copies of bills along with copies of agreements or work orders have not been furnished to us for verification.

In addition to current years' provision for expense made under the head as stated above the following amount of Rs. 32,30,485.00 payable to three SAPs for the year 2018-19 was



provided for in the accounts towards dues to SPA presented under the sub-head "Dues to Service" presented under broad heading of "Trade Payables" The reason and circumstances of creating such additional provision and related district or head office *for which such provision was created during the year could not be furnished to us for verification.*

Further a sum of Rs. 18,36,158.00 paid to M/s. Shrestha Consultancy, M/s. E. Squires, M/s. Semoees, M/s. Z Plus SurakhayaSeva, M/s. Jagannath Security Services and M/s. Shree Solutions Services (P) Ltd for the year 2017-18 has been included in current years payment has not been shown under "Prior Period Expense".

This has resulted understatement of "Prior Period Expense" by Rs. 18,36,158.00 and overstatement of "Loss Before Subsidy" for the year by similar amount.

Further, a sum of Rs. 21,82,955.00 is payable to M/s. Shree Solution Services Pvt. Ltd. for the period from Dec 18 to March 19 as against which a sum of Rs. 14,73,267.00 has been shown as payable at the end of year thereby a short provision of Rs. 7,09,688.00 for the year.

This has resulted understatement of Loss Before Subsidy by Rs. 7,09,688.00 as well as understatement of Other Current Liabilities by similar amount.

17.4 Retirement Pension Rs. 28,71,401.00

A sum of Rs. 28,71,401.00 have been paid by the Company during the year and accounted for on cash basis without appropriate disclosure on basis of accounting.

17.5 Premium paid for EDLI/LIC Rs.45,00,000.00

Against above payment made by the Company, Premium due for the year was determined at Rs. 44,29,612.00 and balance amount of Rs. 70,388.00 was refundable by L.I.C as per their letter dt. 19.11.18. However Refund due for Rs. 70,388/- from L.I.C. is not traceable in Accounts during the year.

17.6 Premium on Group Gratuity :- Rs.14,44,981.00

It includes a sum of Rs. 6,44,986.00 paid towards additional premium due up to 31.3.2018 by the company not shown as "Prior Period Expense" by Rs. 6,44,986.00 This has resulted understatement of "Prior Period Expense" as well as over statement of "Loss Before Subsidy" for the year by similar amount.

18. REF: NOTE: 17:-ADMINISTRATIVE & OTHER EXPENSES Rs.15,70,39,965.59

18.1 Administrative Charges Rs.3,39,50,400.00

It includes a sum of Rs. 3,18,65,900.00 paid to M/s. CSM Technology Private limited towards development, implementation and management of integrated system as per the instruction given by Food, Supplies and Consumers Welfare Department, Govt Of Odisha. The above work was scheduled to be commenced from 1.11.18 and is to be completed within a period of three years that is 31.10.2020 as per the work order issued. The above work has not been commenced during the year though entire amount was paid as an advance has been shown as revenue expense booked under the above head. Considering the nature of Job and period of completion, in our opinion, the above amount paid should be presented under "Capital Advance" instead of "Administrative Charges". This has resulted understatement of "Capital Advance" by Rs. 3,18,65,900.00 and overstatement of "Loss Before Subsidy" by similar amount.



- 18.2 ERP/SAP** **Rs. 3,32,61,650.00**
- It includes a sum of Rs.79,55,689.80 towards ERP/SAP expense for the year 2017-18 paid during the year which should be charged to "Prior Period Expense" instead of Current year's Expense. It further includes a sum of Rs.73,61,510.00 towards implementation cost for 3rd phase and system support cost for the period from 29/6/17 to 29/6/18 which should have been (proportionately up to 31.3.18) charged to Prior Period Expense and the balance amount for the period from 1st April 2018 to 29th June 2018 should be charged as expense for the year 2018-19 *break up of which has not been furnished to us by the company.* Handholding Support Expense for the period from dt.01.04.2018 to 30.09.2018 payable for 1st phase to 3rd phase or ERP-SAP has not been provided for in the account during the year by the company nor quantified by the company.
- Similarly certain amount towards System Support Cost and AMC of Pilot phase to 3rd phase, & PMU Handholding Support Cost & S.D. & PP Module cost relating to period ending 31st March 2019 for Rs.6,36,61,415.05 paid during financial year 2019-20 or F/Y 2020-21 has not been provided for in the accounts .This has resulted understatement of Loss Before Subsidy by Rs.6,36,61,415.05 as well as "Other Current Liabilities" by similar amount.
- 18.3 P. Pass Expenses:** **Rs.32,45,466.00**
- It includes Manpower expense for Rs.7,40,385/- paid to M/s. Shrestha consultancy, M/s. Inspavo consultancy (P) Ltd& M/s. Wild Cart for the year 2017-18 which should be charged to Prior Period Expense. This has resulted understatement of "Prior Period Expense" and over statement of "Loss Before Subsidy" for the year by Rs.7,40,385.00
- 18.4 Fees & Fine** **Rs.6,18,748.00**
- It includes a sum of 232480.00 towards *dummy Sonepurliabilities* for expense credited to the account during the period ending 31.03.2019.Full particulars of the same has not been furnished to us .
- 18.5 Penalty on CPF to RPF** **Rs. 4,32,703.00**
- It includes a sum of Rs 275825.00 paid during the year towards penal damage and misc charges in connection with EPF payable –Employees share contribution and an amount of Rs 1,56,878.00 paid by Nabarangapur district towards penalty on CPF during the year for which *copy of demand notice period of default, reason and circumstances for payment of penalty has not been furnished to us.*
- 19. CASH FLOW STATEMENT:-**
- 19.1** The Company has not presented a reconciliation of the amounts in its cash flow statements with equivalent items reported in the Balance Sheet. Certain figures as appearing in increase / decrease in current liabilities and provisions, sale proceeds of fixed assets, cash flow from financing activities more particularly with respect to receipts and applications of different scheme funds from Government as appearing in Cash Flow Statement could not be linked with the figures reported in Balance Sheet.
- 19.2** The Company has not disclosed a commentary by the management the amount of significant Cash & Cash Equivalents balances held by it that are not available for use by the



Company, such as deposits earmarked against different scheme funds of Government together with Cash Flow Statement.

20. NET PROFIT OR LOSS FOR THE PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES.

The nature and amount of prior period items has not separately disclosed in the statement of profit & loss in a manner so that their impact on the current year's profit or loss can be perceived. However, Disclosure of prior period income of Rs. 15,33,28,113.00 under the broad heading of "Other Income" in Note-10 has not been suitably made in accordance with the requirement of "Accounting Standard-5" issued by the Institute of Chartered Accountants of India.

21. CONTINGENT LIABILITIES:-

In respect of disputed VAT matters a sum of Rs 1,26,57,602.00 is payable by the Company towards disputed penalty of Rs. 93,00,341.00 and interest of Rs. 33,57,261.00 on VAT preferred by the company for the period from FY.2013-14 to FY.2015-16 against which appeal is pending before the Odisha Sales Tax Tribunal against which provisional deposit for Rs. 3,35,726.00 has been made. But, the facts has not been suitably disclosed under Contingent Liabilities In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated herein over the financial affairs of the Company for the year ending 31st March 2019.

We further state that without considering the impact of items stated in preceding para, the effect of which could not be determined, had the observation made by us in Point No.1 to 21 been considered in the financial statements, different items of reported liabilities and assets as at 31.03.2019, Loss Before Subsidy for the year, Subsidy Receivable/ Advance Subsidy (Included under "Other Current Assets"), Prior Period Expense and Prior Period Income would undergo a change. The changed figures after giving due impact as compared to the reported figures in the financial statements as at 31.03.19/ for the year ending 31st March 2019 are given as under: -



The changed Impact on consideration of Audit Observations covered in the basis for qualified opinion paragraph are as under

Particulars	Reported Figures As at 31.03.2019(Rs)	Changed Figures (after impact) As at 31.03.2019(Rs)
EQUITY AND LIABILITIES		
Share Capital/ Shareholders' Funds	11,03,32,000.00	11,03,32,000.00
Reserves and Surplus	16,98,46,360.00	16,98,46,360.00
Sub-Total	28,01,78,360.00	28,01,78,360.00
Non Current Liabilities		
Other Long Term Liabilities	2,75,45,21,337.00	1,46,23,23,80,161.00
Sub-Total	2,75,45,21,337.00	1,46,23,23,80,161.00
Current Liabilities		
Short-Term Borrowings	1,07,67,56,74,325.00	1,07,68,66,43,086.00
Trade Payables	11,82,20,03,623.00	1,07,44,34,618.00
Other Current Liabilities	4,96,94,46,105.00	8,42,68,63,577.00
Short Term Provisions	1,99,54,341.00	1,99,54,341.00
Sub-Total	1,24,48,70,78,394.00	1,17,20,78,95,622.00
Total	1,27,52,17,78,090.00	2,63,72,04,54,143.00
ASSETS		
Non Current Assets		
Fixed Assets		
Tangible	30,67,26,224.00	30,67,26,224.00
Intangible		
Capital Advances		
Non-Current Investment	10,00,000.00	Nil
Long Term Loans and Advances	-	1,56,94,18,11,224.00
Capital Advance	-	12,07,67,711.00
Security Deposits	-	2,04,68,776.00
<i>Other Non Current Assets</i>		
Long Term Trade Receivable		4,87,49,90,229.00
Remittance in Transit		31,44,74,631.00
Outstanding Sales Proceeds		
Misappropriation of Stock Receivable		1,61,90,09,785.00
Current Assets		
Inventories	65,52,57,14,202.00	65,52,52,24,807.00
Trade Receivables	7,93,88,24,589.00	8,45,47,05,558.00
Cash & Cash Equivalents	4,55,68,34,193.00	4,05,04,73,183.00
Short Term Loans and Advances	42,35,62,877.00	5,17,30,608.00
Other Current Assets	48,76,91,16,005.00	21,44,00,71,407.00
Total	1,27,52,17,78,090.00	2,63,72,04,54,143.00
Loss Before Subsidy for the year (2018-19)	62,32,47,62,977.00	62,77,88,60,806.00
Subsidy From Govt. for the year	62,32,47,62,977.00	62,77,88,60,806.00
Prior Period Expenses (Trade, Procurement & Admin Exp.)	6,39,47,574.00	15,77,60,337.00
Prior Period Income(Net) (Part of Other Income in Note-10)	15,33,28,113.00	17,60,13,286.00

Place:-Bhubaneswar
Date:-05/10/2021

For GNS & Associates
Chartered Accountants
FRN: 318171E
(CA. NARAD P. SAHU)
Partner
M.No. : 055224
UDIN-21055224AAAAAIL6035



ANNEXURE-D

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in "Basis of Disclaimer Of Opinion" paragraph of our Independent Auditor's Report to the Members of Odisha State Civil Supplies Corporation Limited on the financial statements for the year ended 31st March 2019

We report that:-

REF: NOTE-4.1 OTHER LONG TERM LIABILITIES:

Other Long Term Liabilities Rs. 275,45,21,337.00

Schematic Funds Received from Government Rs. 238,51,98,080.00

1.1 Copies of sanction letters and copies of utilization certificate for the year in respect of different schemes like Market Intervention Fund, FPS Automation License, Special Draught Assistance, In eligible card holders and IEC. Grant have not been made available to us for verification.

1.2 Digitization and Replacement Of Ration Card: Rs. 29,17,19,704.00

A sum of Rs.5,17,802.00 and Rs.1,58,46,328.00 have been transferred to NFSA Expense and SFSS Expense respectively during the year out of aforesaid grant. The reason, circumstances and related correspondence from Government regarding above utilization has not been furnished to us for verification.

1.3 FPS Automation :- Rs.38,88,88,076.00

An amount of Rs.2813,00811=00 and Rs. 8,95,66113.00 has been paid to M/s Link Well Tele System (P) Ltd. during the financial year 2017-18 and financial year 2018-19 respectively towards supply of E.POS devices / machines. However, stock records relating to period of receipt and issue of the E.POS devices/machines and accounting of closing stock at the year end has not been produced before us for verification.

1.4 Corpus Fund:- Rs.14,23,58,329.00

It was stipulated by Govt. of India vide letter dt.28th February 2018 that the interest generated from the corpus fund is to be utilized for funding local consumer activities like setting up facilitation centers, consumer education, mediation and grievance redressaletc.

The company vide its letter dt.9/1/18 given by the company to Under Secretary, FS & CW Deptt., Govt. Of Odisha has communicated that as per the direction of Government total funds is to be kept as term deposits in U.Co. Bank, Govt. Secretariat Branch, Bhubaneswar. Interest received on this deposit as on 31.12.17 is Rs.3,14,32,173.28 which is kept in a saving flexi Account with the bank. However Balance in Corpus Fund (Saving Flexi) A/c as at 31.3.18 shows a balance of Rs.31430548.00 and balance as at 31.3.19 shows an amount of Rs.25,641.00. The reason of above discrepancy and violation of direction of Govt. of Odisha and Govt. Of India has not been explained to us.

An interest of Rs.73,56,719.04 has been credited towards interest on FD which has been capitalized to the scheme which does not appear in the bank account maintained for the purpose. Further, a sum of Rs.50,00,000.00 has been shown to be withdrawn from the said bank in accounts, which is also not reflected in the Bank account maintained for the purpose. Purpose of withdrawal and its utilization has also not been explained to us.



	REF: NOTE-5.2 TRADE PAYABLE:	Rs. 11,82,20,03,623.00
	Sundry Creditors-Suppliers-Goods	Rs. 1,65,68,02,465.00
2.1	MSP Payable to Farmers	Rs. 37,62,89,863.50
	The Company has shown payment of Rs. 12,09,14,135.00 during the year against brought forward balance of "MSP Payable to Farmers" as at 31.03.2018. Full particulars of the same have not been made available to us for verification. The year end balance as at 31.03.2019 can never remain outstanding under the present system of direct transfer to the bank account of farmers.	
2.2	Sundry Creditors-Suppliers-Service.	Rs. 10,16,52,01,158.00
	In some districts, in the accounts of Due to Transport Contractors (Level-I & II), Dues to Godown owners / Lessors, OSWC Godown and FCI Godowns, the Company has adjusted a sum of Rs. 1,37,84,095.00 against brought forward advance for which full particulars of adjustment has not been furnished to us for verification.	
2.3	Dues to Custom Millers:	Rs. 2,42,03,71,414.00
	Dues to PACS	<u>Rs. 3,59,72,07,303.00</u>
	Total:	Rs. 6,01,75,78,717.00
	Party wise/period wise/district wise details of above are not produced before us for our verification. The reason of non-adjustment of above balance against "Dues from Millers" "Advance to Custom Millers" and "Advance to PACS" has also not been explained to us.	
2.4	Dues to Transport Contractor:Rs. 71,89,17,793.00	
	A sum of Rs. 62,64,216.00 towards revised transportation bill of paddy & CMR for the KMS - 2016-17 has been claimed by Branch , TDCCOL, Sundargarh from DM, OSCSC Ltd, Sundargarh Branch. To what extent it was provided for in the books of Sundargarh could not be explained by the company(Ref. letter No. 430 dt. 05.10.2018)	
3.	REF: NOTE-5.3 OTHER CURENT LIABILITIES	Rs. 3,53,64,28,909.00
	(OTHER THAN CONTROL ACCOUNT)	
3.1	Advance Sale Proceeds of Sugar: -	Rs. 1,09,07,43,559.00
	(Trade Advance from Storage Agent, FPS & Others)	
	A sum of Rs. 3,77,49,783.00 has been adjusted during the year against old brought forward and un-reconciled balance of remittance in transit of Rs 112,84,93,341.73 for which full particulars of adjustment/refund along with related correspondence and all supporting documents has not been made available to us for verification.	
3.2	Dues to SPA: -	Rs. 2,74,40,117.00
	Party wise, period wise/agency wise details of such dues as at 31.3.19 along with copies of agreements / work orders, period of service rendered and numbers of agencies. engaged by the company during the year has not been produced, before us for verification.	
3.3	Liabilities For Expenses:-	Rs. 66,36,63,581.00
	Dues to Others	Rs. 66,28,00,190.00
	It includes a sum of Rs. 13,62,89,903.30 carried forward by Head Office since earlier years against which there is neither any payment nor adjustment during the year excepting a sum of	



Rs. 73,37,891.00 created towards liabilities for the year thus remains unpaid/unsettled/unadjusted which may not be possible under any circumstances.

Further a sum of Rs. 4,66,72,353.59 has been paid by all the districts against huge brought forward balance of Rs. 69,35,55,481.58 as at 01.04.2018 under the head. Only a sum of Rs. 1,59,17,063.00 have been provided for towards liability for different expenses by the company during the year. Substantial portion of the liabilities remains still unpaid, un-reconciled and unadjusted. In absence of production of party wise / expense wise / period wise and district wise details by the Company we are unable to comment on adequacy of provision made for the current year against various dues of the company. Correctness of the balance shown in accounts and the extent of write back / adjustment required if any in the accounts of the Company during the year could not be ascertained by us.

3.4 TDS Payable:- Rs. 4,49,66,714.00

Head wise/period wise/nature wise/district wise TDS liability and deposit thereof under various provisions of the Income Tax Act, 1961 have not been reconciled. Further, copies of e-TDS returns filed by the company covering Head office as well as all districts for the year have not been furnished to us for verification. Impact of any consequential discrepancy arising out of non-reconciliation over financial statements for the period has not been ascertained.

4. REF: NOTE: 5.3 (A)

4.1 Control Accounts (Net): Rs.143,30,17,196.00

Though balance brought forward in the account remains the same, certain inter head changes were made by the Company during the year. Un-reconciled balance brought forward from the year 2017-18 shown in Jajpur District Control Account and Kandhamal District were adjusted by the Company during the year and reduced to Nil during the year. However full particulars of such changes made with all supporting documents have not been produced before us for verification. Impact of such un-reconciled difference (both debit and credit) for the year including that of brought forward balances persisting in accounts of the Company since past several years over "Loss Before Subsidy" for the year or balance in this account or different items of revenue or expenses or assets or liabilities in the financial statements as at the year-end has not been ascertained.

5. REF: NOTE: 6 FIXED ASSETS:

5.1 Depreciation Rs. 1,46,72,015.00

In respect of addition to fixed assets during the year, depreciation on fixed assets has been calculated from the date of payment made to various parties for such assets instead of the date of invoices /bills or utilization certificates which is not correct. Impact of such incorrect calculation of depreciation over "Loss Before Subsidy" for the period as well as Fixed Assets has not been ascertained.

5.2 Assets Under Construction -CWIP:- Rs. 1,93,39,160.00

The amount represents construction of office building of Khurda, Ganjam, Deogarh and Bargarh in progress spent out of grant for "Creation of Capital Assets" details of utilization certificates, estimated cost of completion, expected date of completion and further cost to be incurred for completion of each project, have not been furnished to us for verification.



6. REF: NOTE: 8.1 INVENTORIES Rs. 65,52,57,14,202.00
- 6.1 Copy of the physical verification report of all the items of stock including the items held with third parties such as CWC, OSWC and all other parties as at 31st March, 2018 and 31st March, 2019 are not available to us for our verification. In absence of availability of physical verification report of inventories both as at the beginning of the year and at the end of the year, shortage / damaged / misappropriation or deterioration in quality if any could not be commented by us.
- 6.2 Status of Delivery of rice by M/s. Vaisnudevi Rice & Chawal Industries, Larpank Sambalpur against the CMR damaged due to devastating flood on 21/07/2018 in terms of Board Resolution (183/4) dt 15.11.2018 and delivery of CMR against detected shortage in both custom milled rice and paddy and M/s. Maa Tarini Rice Mill, Bonth Bhadrak in terms of Board Resolution (refer item No (184/3) date 4.01.2019) has not been informed to us.
- 6.3 **Stock of New Gunny Bags/Bales:-** **Rs. 80,09,68,041.00**
- It was the earlier practice of the company to value the new gunny bales at cost without considering average transportation cost and all other incidentals incurred to bring the inventories to its present location and condition further, without any disclosure of the basis of valuation appropriately in Notes on Accounts up to the year ending 31st March 2018.
- However during the year, the company has changed the basis of valuation of stock of New Gunny bales that is at *average price of indents of corresponding stocks at the end of the financial year again without* ascertaining the impact of such change in the basis of valuation and without appropriate disclosure in this regard by way of a note. (*Refer item No.1(d) in Note No.-2 of Notes on Accounts*). Average rate of new gunny bags for valuation of stock on the basis of advance paid by the company against indent dt.17.1.19 and 8.3.19 per bag or per piece comes to Rs.50.87 or Rs.25,434.82 per bale as against which at the time of valuation of closing stock, rate of new gunny bales, in the immediate preceding year was taken at Rs.47.31 per piece/per bag or Rs. 23,654.89 per bale. The above *increased rate of valuation* of new gunny bales as compared to immediate previous year has not been justified by the company through production of relevant invoices for the current period as well as that of the immediate preceding financial year. While valuing the closing stock of gunny bale, average transportation cost, and all other incidental charges has also not been considered.
- Further, Impact of under valuation of stock of new gunny bales/bags of Rs. 23,69,70,977.00 reported by us in our report for the year ending 31st March 2018 has not been given in the accounts by the company during the year 2018-19.
- Similarly, erroneous omission of accounting of stock of 3158.43 bales of Jute bags covered in our report for the year 2016-17 has not yet been incorporated in the accounts.
- Stock of Jute Gunny Bags (New B.Twill) as at 31st March 2019 since past several years has not been reconciled by the company with respect to its procurement and issue to the Millers. Its consequential impact over "Loss before Subsidy" for the year as well as that of earlier period and value of inventories has not been ascertained.



In absence of production of invoices for purchases of Jute bales as well as transportation charges and improper accounting and inconsistent changed basis of valuation as explained above, we are unable to ascertain the Impact of such inconsistent and incorrect method of valuation of stock and omission of accounting of stock since the year 2016-17 as well as non-reconciliation/ of new B.Twill bags, and improper maintenance of stock records over “Loss Before Subsidy” for the year as well as inventories as at the year end.

6.4(i)	Stock of Kerosene Oil :-	Rs.2,72,997.00
(ii)	Gas Refills (LPG items)	Rs.15,03,264.00
(iii)	Gas Accessories	Rs.2,69,843.00

Though the company has stated the basis of valuation of stock of Kerosene Oil and Gas Refills and Gas Accessories at purchase price but, at the time of valuation of stock, purchase price based on latest invoices as well as transportation cost and loading and unloading charges has not been considered at the time of valuation of stock. Hence, we are unable to comment on correctness of valuation on account of non-production of purchase invoices; Impact of valuation of above items over “Loss Before Subsidy” for the year as well as inventories could not be ascertained.

6.5	Stock of CMR with Custom Millers:-	Rs. 9,07,62,73,095.00
-----	-------------------------------------------	------------------------------

Though the stock of custom milled rice with millers is stated to have been valued at acquisition cost less expenses accrued but not due as disclosed *in item No.b(11) of Note No -1 of Notes on Accounts* but it has not been followed by the company in accounts nor its impact over Loss Before Subsidy as well as Inventories has been ascertained.

6.6 ***Stock Damaged in Fani Cyclone on 3rd May 2019 at some Godowns of Puri Districts.***

Stock Damaged in Fani Cyclone on 3rd May 2019 at some Godowns of Puri Districts such as Stock held at RRC cum DSC Bali Godown /CWC/OSWC Godown RRC-cum-DGS,PEGMalhapatana, and SWC, Nimapada has been substantially damaged in FANI Cyclone on 3rd May 2021. Book value of those stocks included in the closing stock of Puri district has not been separately furnished to us by the company. Further, in the aftermath of Cyclone, certain stocks were reported to be found missing and certain materials were distributed as relief to the cyclone affected areas of Puri district. Further, against such damaged stock, *certain insurance claims were received details of which has not been produced before* us for our verification and certain damaged items were sold by the Company through auction process subsequently. Loss on realization of damaged stock has neither been ascertained nor disclosed appropriately by way of a note in Notes on Accounts nor suitably adjusted in the accounts of the Company for the year 2018-19.

7.	REF: NOTE: 8.3 CASH & CASH EQUIVALENTS	Rs. 4,55,68,34,193.00
7.1	Cash at Banks	Rs. 1,65,59,44,185.00

Bank Balances includes several savings bank accounts having year-end balance of Rs. 13,35,74,042.10 including credit balance of Rs 65,24,081.34 in the books of Jagatsinghpur district and other bank accounts having paddy procurement centers of different districts continuing in accounts have neither been reconciled nor confirmed nor adjusted lying since past several years. In all the cases, the year-end bank balance confirmation certificates or bank reconciliation statements for the year are not made available to us for verification.



7.2.1 Fixed Deposits Rs. 95,31,54,246.00

Flexi Deposits with UCO Bank.

As per balance confirmation certificate as at 31.03.2018 issued by UCO Bank, Secretariat Branch, Bhubaneswar, there are seven flexi deposits having different Account Numbers. carrying a balance of Rs. 3,98,85,665.12 which was *not available in books of account*. During the year 2018-19, a sum of Rs. 54,261.04 has been deposited by the Company and interest of Rs. 12,11,440.00 earned on such flexi deposits has been credited to the bank account. Considering deposit and interest earned, balance in this account as at 31.03.2019 comes to Rs. 4,11,51,366.16. Thereafter, a sum of Rs. 3,98,71,197.12 was shown to be withdrawn during the year leaving a closing balance of Rs. 12,80,169.04 lying in four flexi deposits as at 31.03.2019 which agrees with that of balance confirmation certificate issued by UCO Bank. However, corresponding entries passed in the books of the company representing credit balance in respect of opening balance of Rs. 3,98,85,665.12 lying in these accounts and deposit and interest earned as well as withdrawal made during the year along with supporting evidences thereof has not been made available to us for verification.

Balance in Corpus Fund (Savings Flexi Account) as at 31.03.2018. for Rs. 3,14,30,548.00 for which bank balance confirmation certificate was also not available for verification.

7.2.2 UCO Bank Pass Book S.B A/c. No. 6640310245326.

There was an opening balance of Rs. 25,649.12 in the above Pass Book wherein a sum of Rs.3,98,48,210.00 was deposited and interest of Rs. 61,36,355.00 was earned in the account during the year. A sum of Rs. 3,98,48,023.25 was drawn during the year out of available balance Rs.46,01,10,214.12 leaving a closing balance of Rs. 61,62,190.87. Again balance in four Flexi A/c. for Rs. 12,80,169.04 along with above balance of Rs. 61,62,190.87 (representing closing balance in S.B. A/c. No. 66403110245326) thus aggregating to Rs. 74,42,359.91 was taken in to account which could not be adequately verified by us due to non-production of all relevant details. Balance confirmation certificate as at 31.03.2018 and 31.03.2019 were not made available to us for verification and it does not match with corpus Fund Balance.

7.2.3 Interest on deposits with Banks:-

Interest earned for 3,27,286.00 on deposits with Union Bank Of India Baripada Branch and Axis Bank credited to the Account of the company during the year on which a sum of Rs 33,370.00 has been deducted towards income tax during the year as reflected in 26AS downloaded from Income Tax Site for the year. However the deposits on which such interest was credited and sources of receipt of such deposit and purpose of deposit has not been explained to us. Against the receipt of Interest on deposit for Rs. 3,27,286.00 only I.TDS for Rs 33,370.00 has been accounted for as interest income during the year. Balance Interest for Rs 2,93,916.00 has not been accounted for in the books of the company during the year.

8. REF: NOTE: 8.4 SHORT TERM LOANS & ADVANCES Rs. 42,35,62,877.00

8.1 Advance for Construction/Renovation of Godown/Office Building:-Rs. 3,93,76,525.00

A sum of Rs 576905.00 have been shown as advance to Chief Engineer and a sum of Rs. 1,00,00,000.00 have been recovered and adjusted in accounts on 01/04/2018 by the company. Full particulars of such adjustment/ payment have not been furnished to us for verification.



8.2	Advance for Creation of Capital Assets (Advance to Executive Engineers & BDOs.)	Rs. 4,69,81,586.00
	It includes certain <i>dummy advance of Rs. 3,30,22,053.00 created</i> in the name of different Executive Engineers on 1.04.2018 by the company for which full particulars of payment or adjustment, purpose of adjustment and date of submission of utilization certificates by Executive Engineers or BDOs, or any other agency, and date of completion of different assets created out of "Creation Of Capital Assets Grant" has not been furnished to us.	
	Further, <i>out of such dummy advance a sum of Rs.1,93,39,160.00</i> (excluding as amount of Rs.13,22,501=00 shown as repair work) have been transferred to office building of different districts. Particulars of completion of those CWIP have not been furnished to us for verification.	
9.	REF: NOTE: 8.5 OTHER CURRENT ASSETS	Rs. 48,76,91,16,005.00
9.1	Advance Subsidy	Rs. 37,90,01,97,686.00
	Basis of accounting with respect to subsidy both from Central Government / State Accumulated claim Government is neither on cash basis nor on accrual basis and is stated to be based on provisional accounts. Year wise breakup of subsidy receivable/received in Advance from Govt of India and Govt of Odisha respectively as appearing in accounts including excess receipt than claims along with copies of advice for each receipt indicating period thereof have not been furnished to us for verification.	
9.2	TC on Paddy Receivable from FCI	Rs. 2,46,48,76,177.00
	T.C. on CMR Receivable from FCI	<u>Rs. 1,44,75,80,330.00</u>
	Total:	<u>Rs. 3,91,24,56,507.00</u>
	It is observed from above, in addition to huge opening balance, substantial amounts are also shown as recoverable during the year without any recovery. Basis of recovery, the reason of non-recovery and copies of all latest related correspondence with FCI have not been furnished before us for our verification.	
9.3 (i)	Advance to Suppliers- Services	Rs. 45,80,25,709.00
(ii)	Advance to PACS: -	Rs. 42,96,95,847.00
	It includes a sum of Rs. 20,18,97,71,588.40 lying in Head Office. Out of total debit balance of Rs. 20,84,31,91,895.50 brought forward from earlier years continues to be un-reconciled and unconfirmed. The said balance lying in Head Office has been transferred to all district accounts during the year without any reconciliation and without any party wise/period wise and district wise details. Consequently, some districts show closing credit balance which may not be possible.	
9.4	Advance to Suppliers - Other Service	Rs. 28,54,603.00
	It includes a sum of Rs. 6,64,32,984.00 and Rs. 2,35,365.00 have been adjusted by Head Office and Sambalpur district against huge brought forward advance of Rs. 6,79,19,702.20 and advance paid for Rs. 2,38,000.00 by Sambalpur district respectively during the year for which party wise, head wise details along with details of service offered during the year have not been furnished to us.	



- 10. REF: NOTE: 10 OTHER INCOME** **Rs. 1,78,67,64,872.00**
- 10.1 Value/Moisture cut on CMR** **Rs. 6,33,52,564.00**
It includes substantial amount of Rs. 5,19,56,614.00 deducted by Baragarh, Kalahandi, Sonepur district towards Value / Moisture cut during the year. Basis of cut, authorization by competent authority, and reason for abnormal deduction under this head has not been explained to us.
- 10.2 Miscellaneous Receipt** **Rs. 5,25,499.00**
An amount for Rs. 4,29,373.00 has been debited and adjusted in the accounts of miscellaneous receipts against brought forward miscellaneous receipts receivable in the account during the year. Full particulars of such receivable in earlier year has not been furnished to us for our verification.
- 11. REF: NOTE: 12 PURCHASE OF STOCK IN TRADE** **Rs. 1,11,04,16,74,858.00**
- 11.1 Purchase of Paddy** **Rs. 1,07,09,31,72,803.00**
Purchase of paddy for Rs.107,09,31,72,803.00 has been stated to be shown based on the receipt of stock of paddy for 65295257.50 quintals by the company in the Accounts during the year. As against above, purchase of 61803505.790 qtls of paddy has been shown in the P.PASS data for the year. Based on P.PASS data, payment for procurement as well as all other expenses connected with procurement are made by the company during the year. Therefore, Financial Impact of such discrepancy arising excess of differential quantity 3491751.71 Qtls of paddy along with payment to farmers, procurement expenses as well as all other related expenses over financial statements of the company could not be ascertained due to non-reconciliation/ non-production of all relevant details and information.
- 11.2 Purchase of New Gunny Bags** **Rs. 3,20,06,54,965.00**
Purchase is accounted for against procurement of 137139.50 bales of Jute gunny bags received during the year. As per the terms of payment, advance to the extent of 90% are made through Punjab National Bank, Kolkata at the time of making indent. Balance 10% to is paid only after receipt of Jute bags. Payments for the year included 10% outstanding for the period ending 31st March 2018 has also not been excluded nor adjusted against payment made during the year or outstanding liabilities. Further balance 10% payable against procurement quantity for the year 2018-19 has also not been provided for in the Account during the year.
- 12. REF: NOTE: 13 TRADE EXPENSES** **Rs. 3,99,99,53,585.00**
- 12.1 Transportation Charges & H & T Charges** **Rs. 1,32,51,75,984.00**
In case of TC on Rice for Level-I & Level-II, wheat for Level-I & Level-II, H & T charges on Level-I & Level-II either expenses under each sub head not paid nor provided for towards current year's expenses nor adjustment against earlier year have been made properly by each district. Further since number of transporters or H & T contractors engaged in each district, applicable rate of tariff for the year have not been furnished to us by the company. we are unable to comment on correctness of expense shown and adequacy of provisions made under each sub-head during the year in the Accounts.
- 12.2 Revision of Storage Tariff of CWC/OSWC Godowns**
The extent of accounting in respect of storage tariff of CWC/OSWC Godowns utilized by OSCSC Ltd w.e.f. 01.04.2016 (Ref: Item No. 185/5 of Board of Directors Meeting dt. 25.02.2019



and revision of storage charges (Storage Tariff of CWC/OSWC) Godowns utilized by OSCSC Ltd as communicated by Govt. of India to be applicable with effect from 01.04.2017 & 01.04.2018 (Ref: Item No. 191/12 of Board of Director's Meeting dt. 31.12.2020) has not been furnished to us.

12.3 Godown Rent & Godown Rent Payable

Since the rent paid or payable for Godowns taken in to occupation by each district of the Company under different arrangements as per the agreement or contract or applicable rate for each kind of arrangement has not been provided to us for verification, correctness of the provision made towards Godown Rent for the year or adjustment made against earlier year's expenses included in payment made during the year could not be ascertained by us.

13.	REF: NOTE: 14 PROCUREMENT EXPENSES	Rs. 8,96,73,64,355.00
(i)	Mandi Labour Millers Charges (Millers)	Rs. 25,99,00,101.00
(ii)	Mandi Labour Charges	Rs. 36,16,73,390.00
(iii)	Mandi Labour Charges (PP/WSHG)	Rs. 1,22,167.00
	Total:	Rs. 62,16,95,658.00

The company has not furnished quantitative details of paddy procured for KMS 2017-18 and KMS 2018-19 and MLC payable with applicable rates for each crop year wise covering PACS, CMR Millers/PP/WSHG and copies of relevant circulars and guidelines issued by the company in this regard and copies of bills and agreements for the year have not been furnished to us for our verification.

Further there is neither any payment, nor provision made for current year's expense nor adjustment made against earlier period by Cuttack and Nuapada district during the year. In case of some districts provision has not been made against current year's expense by the company.

In spite of comments by CAG of India on short provision of MLCS payables to PACS in Bolangir district during the financial year 2016-17 amounting to Rs.1.22 Crores has not yet been provided for in the accounts by the company.

In absence of full particulars as described above, we are unable to comment on correctness of provision made or adjustment made against earlier year's expense under each sub-head.

13.2 Gunny Cost Paid to Millers Rs. 3,02,42,589.00

It includes a sum of Rs.32,71,467.00 and Rs.25341012.00 paid by Boudh and Sambalpur district respectively during the year for which copies of bills, stock entry in quantitative details and reason of Jute procurement by the said districts in spite of centralized procurement arrangement by the company through jute smart has not been explained to us.

13.3 Joint Custody & Maintenance Rs. 29,11,04,751.00

It is observed in some districts payments have only been accounted for without any provision for current year's expense or adjustment against earlier period expense. The reason and circumstances of such inconsistency has not been explained to us.

Further, extent of accounting by way of provision made or payment of Joint Custody and maintenance charges for KMS 2017-18 @Rs 2.40 per quintal for three months and



reimbursement of milling charges in terms of Board Resolution in their meeting (182/7 dt.26/6/18) has not been furnished to us by the company.

13.4(i) T.C. on Paddy for Millers	Rs. 1,66,06,68,476.00
(ii) TC on CMR to Custom Miller RRC	Rs.72,25,40,539.00
(iii) TC on CMR-Custom Miller for FCI Delivery	Rs. 8,98,48,031.00

In case of transportation charges on paddy for Millers provision for the current year's expense has not been made in the books of Korput district nor quantified by the company. Further adjustment of Rs. 71,06,64,924.00 has been made in above heads against earlier year which could not be linked by the company with the provisions available in accounts or adjustment made against advance paid during earlier years.

In case of T.C. on CMR – Custom Millers for FCI Delivery, a sum of Rs. 8,63,86,683.00 is shown (Including current years provision for expenses Rs.294,61998.00) by Kalahandi district without any adjustment against earlier year. Further, this expense has been incurred only by three districts. Full particulars of payment and copies of bills and related files of the district has not been produced before us for verification.

Further status of accounting with respect to revision in rate of transportation charges on paddy from purchase centres to Mills and CMC from Mill points to RRC/FCI for KMS 2017-18 & KMS 2018-19 in terms of resolution passed at Board of Directors meeting No.183/10 dt.15.11.2018 has not been furnished to us.

Copy of tariff for transportation charges applicable for the year and list of transport contractor engaged and quantity transported by each contractor and party wise bills outstanding as at 31.3.2019 has not been furnished before us for verification.

In absence of all relevant information correctness of current years provision under this head could not be ascertained by us.

13.5 Transportation Charges on Gunny	Rs. 8,33,09,868.00
---------------------------------------------	---------------------------

An adjustment of Rs. 2,59,10,113.00 against earlier year has been made out of total payment for Rs. 8,91,84,876.00 during the year. Particulars of adjustment made during the year has not been furnished to us for verification. Further quantitative reconciliation of bags with that of quantity of gunny bags / bales procured during the year has also not been furnished to us for our verification.

13.6 Handling Charges Rice on RRC-Custom Millers	Rs.4,14,38,989.00
13.7 Handling Charges Rice on FCI custom Millers	Rs. 5,64,96,695.00

Some of the districts have not incurred the above expenditure during the year for which sources of alternative handling arrangement has not been explained to us.

In spite of our comments given in Audit report for the year 2017-18 that there were short provision in this head by Rs. 81,28,381.00 with respect to the adjustment of advances in the bills of Maa Lankeswari Traders and Brajendra Kumar Meher (Reference payment voucher dt.10/5/18 & 15/5/18) and the advance continue to remain unadjusted.

However a sum of Rs. 1,92,04,598/- has been shown to be adjusted during the year against earlier years expense and with current years provision for Rs. 2,79,33,214/- in both the heads.



Full particulars of payment made, provision for current year's expenses, and adjustment in respect of above have not been furnished before us for verification.

Status of accounting with consequential impact of revision of storage charges payable to CWC/OSWC Godowns at par with that of the FCI @ Rs 4.68 per 50KG(per bag) per month for the year 2016-17 with effect from 1.4.2016 and for subsequent period and subsequent revision in godown rent made if any up to the year ending 31st March 2019 interim of decision of Board of Directors of the company in their 185th meeting held on 25/2/2019 has not been furnished to us. It could not be commented by us due to non-supply of all relevant files and related information.

14. REF:NOTE:16 FINANCE COST Rs. 5,11,85,83,408.00

14.1 Interest on Bank Loan Rs. 5,11,85,65,398.00

Interest on bank loan for Rs 2,36,58,716.00 reversed by different banks and credited to the account interest on bank loan by the company during the year. Full particulars of such credit such as date of credit, period of interest it relates to, and copies of all related bank loan statements have not been produced before us for our verification so as to ensure its correctness.

15. REF:NOTE:17 ADMINISTRATIVE & OTHER EXPENSES: Rs. 15,70,39,966.00

15.1 ERP / SAP Rs.3,32,61,650.00

The company has not capitalized ERP/ SAP expenses up to the year ending 31st March 2018 as per the assurance given by the Company in response to adverse comments made by us as well as CAG under Section 143(6) of the Companies Act 2013 nor the company has obtained any completion certificate regarding implementation of SAP from the Vendor nor obtained any certificate regarding date of put to use of Software till date. Consequently its impact over depreciation up to 31st March 2019 as well as fixed assets could not be ascertained.

Copies of agreements, bills, vouchers and status of completion of above programme / project and period for which payment made or provision for current year's expenses to be made could not be ascertained due to absence of all the relevant information

15.2 M.Governance Rs. 54,84,044.00

Copy of agreement/contract with CSM Technology (p)Ltd. along with copies of bills or voucher and status of M. Governance Project and expected date of completion etc. has not been furnished to us.

15.3 CPMU Rs. 54,12,070.00

Copy of file, agreement with M/s CSM technology (P) Ltd, copies of invoices and payment vouchers have not been made available to us for verification.

16. CONTINGENT LIABILITIES

The company does not maintain any Memorandum register / records for cases filed against the company for any matters having financial implication, so as to assess the amount of Contingent Liabilities of the Company as on date.

17. CAPITAL COMMITMENT

Estimated amount of contracts remaining to be executed on capital account but, not



provided for in respect of assets under construction / advances against any other capital work has not been disclosed by way of a note.

18. OTHERS(NOTES ON ACCOUNTS)

- 18.1 Claim for reimbursement of additional expenditure of Rs. 290.83 Crore towards interest cost and storage rentals incurred by the Company for carrying surplus CMR for the period from October 2012 to July 2014 has been submitted to Government vide its letter no. 22148 dt. 03.12.2013 and letter no. 15214 dt.08.08.2014. The said claim was under consideration by Government. The amount that will be received will be accounted for in the year of receipt. Latest status of the claim has not been intimated to us (Ref: Item No. 2(b) Note-2 Financial year 2016-17.
- 18.2 The loss incurred on potato trade during the period from financial year 2013-14 & 2014-15 are Rs. 18,47,399.00 and Rs. 15,37,436.00 respectively The results of Potato trade has been communicated to Government vide letter no. 20987 dt. 18.11.2014. The result of Potato trade of the financial year 2015-16 was under examination by the committee constituted by Govt. vide their letter no. 23594 dt. 01.12.2016 on receipt of the decision of the Committee, the financial result will be quantified and disclosed. (Ref: Item No. 23 of Note-2 of financial year 2016-17).The present status of the same has not been intimated to us.
19. In absence of computation of timing difference for provision of Deferred Tax Assets / Liabilities, arising out of following different basis of charge of depreciation under provisions of Companies Act, 2013 and Income Tax Act, 1961 / Income Tax Rules 1962 and in view of non-payment of statutory liabilities in time, we are unable to quantify its impact over loss before subsidy for the year, provision for taxation including Deferred Tax Assets or Deferred Tax Liabilities as the case may be for the year.

Place:-Bhubaneswar
Date:-05/10/2021

For GNS & Associates
Chartered Accountants
FRN: 318171E
(CA. NARAD P. SAHU)
Partner
M.No. : 055224
UDIN-21055224AAAAIL6035



ANNEXURE -E

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph (3)(f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date

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 Odisha State Civil Supplies Corporation Limited ("the company") as of 31st March 2019 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for the Financial Statements

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 the accounting records, and the timely presentation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We have conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. Those Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting 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 control based on the assessed risk. The procedure depends upon the auditor's judgment, including the assessment of the 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 controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that 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 prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or 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 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, **the following material weaknesses have been identified in the operating effectiveness** of the company's internal financial controls over financial reporting as at March 31, 2019:-

1. Non- establishment or non-design of proper system of reporting criteria of internal financial controls based on the internal control over financial reporting considering the essential components of internal controls stated in the guidance note on "Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountant of India since inception may not ensure an orderly and efficient conduct of its business including adherence to Company's policies and the safeguarding of its assets and the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information and presentation thereof as required under the Companies Act 2013.
2. The Company did not have appropriate internal control system for compliance of majority of the accounting standards of ICAI which could potentially result in to improper and inconsistent disclosure / lack of reliability of the financial statements.
3. The Company did not have an appropriate internal control system for maintenance of records in reasonable details accurately and fairly reflecting the transactions and disposition of the



- assets of the company so as to ensure reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditure of the company are being made only in accordance with authorization of management and directors of the Company.
4. The Company did not have an appropriate internal control system for timely and expeditious clearance/reconciliation/adjustment of old and dormant accounts of assets and liabilities which potentially could result into some changes in financial position and requiring substantial write off or write back or substantial adjustment in future affecting the future liquidity of the Company.
 5. The company does not have an appropriate internal control system for timely and proper compliance of repeated adverse comments brought out by CAG Audit and Statutory Audit which could potentially result in some changes in the financial statements.
 6. The Company did not have an integrated ERP/SAP system including third party evaluation or System Audit. Different software packages used by the company are interfaced through software links or multiple manual interventions at many places leaving gaps between them. This could potentially result in to impaired financial reporting.
 7. The Company did not have an appropriate internal control system for implementation of its credit policy with respect to sales. This could ultimately result in to huge financial loss.
 8. The company did not have timely and effective internal audit system so as to cover all major areas with extensive scope. This could potentially result in to weak checks and balances and delayed or unreported financial irregularities.
 9. The company did not have an appropriate internal control system for timely accounting of utilization of grants received from State Government as well as Central Government or any other authorities as well as advance paid out of such grant given to CSOs, Executive Engineers, Marketing Inspectors, Executive Officers of Municipalities and DRDA etc. for implementation of different works / welfare scheme of Government which could result in to timely non-booking of expense and delayed claim of subsidy or delayed capitalisation under/over capitalization of fixed assets and corresponding impact on the operational results as well as financial affairs of the company.
 10. The Company did not have an appropriate internal control system to ensure the correct and adequate provision / liabilities against advance or adjustment against during earlier period's expenses out of payments during current year. This could potentially result in accounting of same expenditure either twice or omission or erroneous adjustment and may impair financial reporting.
 11. The company does not have an appropriate internal control system for timely recognition of loss incurred on account of misappropriation of stock / shortage / damage involving huge and substantial amount on the basis of findings of approved special audit report for misappropriation and shortage / damage etc. This could result in to substantial loss of revenue having ultimate impacting claim over subsidy.
 12. The company did not have an appropriate internal control system for proper accounting of purchases as well as proper stock adjustment with respect to issue of relief materials, issue of



Jute bags / other items and shortages / damages / misappropriation in a continuous and consistent manner and periodic reconciliation of balance with various suppliers / other government parties to whom it is issued. This could impact the operational results by way of loss of revenue as well as impair financial reporting.

13. The company did not have an appropriate internal control system for periodic physical verification of stock including reconciliation of stock records with financial ledger and timely identification and accounting of shortage / damage or misappropriation of stock / loss due to natural calamity as well as improper inconsistent basis of valuation of stock which may impair financial report.
14. The Company did not have an appropriate internal control system for recording the fixed assets location wise, with proper identification in an orderly manner as well as conducting periodic physical verification of fixed assets (both own assets and assets created out of grant). This could result in to timely non identification of shortage / theft or pilferage of obsolete and unserviceable items which ultimately cause financial loss to the company.
15. The company did not have an appropriate internal control system for accounting of recovery and deposit of all the statutory dues as prescribed under different statutes. This could result in to impaired financial reporting as well as it may attract various penal consequences as prescribed under different statutes casing financial loss to the Company.
16. The company did not have an appropriate internal control system for identification and maintenance of record relating to staff retired or reverted to parent department or BDOs or any other Govt. Officials to whom huge advances were paid and remained unadjusted / unrecovered / un-reconciled for a long period. This could result into impaired financial reporting and changes in operational result of the company.
17. The company did not have an appropriate internal control system for recording all pending legal cases filed by or against the company and guarantee issued /and absence of a robust mechanism for verification of bank guarantees furnished by various parties and periodic assessment of contingent liabilities. This could result in to impaired financial reporting.
18. The company did not have an appropriate internal control system including managements information system or speedy recovery mechanism of huge amount of misappropriation of stock and huge receivable and advances paid to various parties and timely and periodic reconciliation of data between various departments. This could result in to timely non-realization of dues and may impact operational results of the Company.
19. *Details of risk identification, implementation measures to mitigate the loss arising from such risk and verification of the efficacy of control measures and the remedial steps taken for the discrepancies noticed including modification of control measures have not been furnished to us.*

A material weakness' is 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 financial statements will not be prevented or detected on a timely basis.

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 in all



material respects does not have an internal control system over financial reporting so as to be called adequate and as such we opine that the internal financial control over financial reporting were not operating effectively as at March 2019. Particularly in the absence of proper documentation on the internal control over financial reporting criteria to be established by the Company, 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 weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of March 31, 2019 financial statements of the Company and these material weaknesses do not affect our opinion on the financial statements of the Company.

Place:-Bhubaneswar
Date:-05/10/2021

For GNS & Associates
Chartered Accountants
FRN: 318171E
(CA. NARAD P. SAHU)
Partner
M.No. : 055224
UDIN-21055224AAAAIL6035



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD.

C/2, NAYAPALLI, BHUBANESWAR -12.

Replies to the Statutory Auditor's observation made on the accounts of OSCSC Ltd., for the financial year ending 31st March 2019

Annexure -A

Observation of Audit	Replies of Management
<p>1. In respect of the Fixed Assets:</p> <p>a) The Company has <i>not</i> maintained proper records with respect to fixed assets (tangible & intangible) showing full particulars including quantitative details and situation of the fixed assets.</p>	<p>A Fixed asset register is being maintained in SAP ERP System as per the statutory requirement containing the full particulars like quantitative and location details except some assets under vehicle which is not traceable.</p>
<p>b) As per the information and explanation given to us, these fixed assets have not been physically verified by the management during the year. Hence, we are unable to comment on material discrepancy if any between book balance and physical balance required to be dealt <i>with in the books of accounts of the company.</i></p>	<p>Agreed</p>
<p>c) Title deeds in respect of Head Office Building and Godowns at Mancheswar and Jagatpur respectively are held in the name of the company. <i>In remaining cases</i> of office building located at various district offices and 159 godowns, the lands over which construction are made by the company have been alienated in the name of</p>	<p>The land particulars were furnished to the auditor in previous years during their audit.</p>
<p>2. In respect of the Inventories: - On the basis of information and explanations given to us physical verification of inventory has <i>not</i> been conducted by the management during the year at all the locations / godowns RRCs / Custom Millers, Third Parties</p>	<p>At the time of issue, authorised officer of the corporation gives a delivery certificate. Copies of such verification report were submitted to the Audit. The purchasing officer and district officials make periodical verification of stock of paddy & rice with millers and CMR at RRC.</p>



Observation of Audit	Replies of Management
<p>including stock lying at certain godowns of Puri District heavily damaged in Fani Cyclone occurred on 3rd May, 2019. <i>Hence, we are unable to quantify the discrepancy if any between physically verified inventories and book balance including loss of stock in Fani Cyclone at some of the godowns of Puri district and materiality thereof requiring proper adjustment in the books of accounts.</i></p>	<p>Any shortage/misappropriation detected at mill/RRC point has been accounted for.</p>
<p>3. According to the information and explanations given to us, the company has not granted any secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.</p>	<p>Agreed</p>
<p>4. According to the information and explanations given to us, the company has not entered any transaction involving compliance with the provisions of Section 185 and 186 of the Companies Act 2013. Thus, Paragraph 3 (iv) of the order is not applicable.</p>	<p>Agreed</p>
<p>5. As per the information and explanation given to us and on the basis of examination of books of accounts, the company has not accepted any deposits from the public within the meaning of Section 73 to Section 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.</p>	<p>Agreed</p>



Observation of Audit	Replies of Management
<p>6. As per the information and explanation given to us and on the basis of our examination of books of accounts, the company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 as it is engaged in trading distribution, and supply of PDS Commodities.</p>	<p>Agreed</p>
<p>7.(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amount deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues where ever applicable have generally been regularly deposited with the appropriate authorities <i>though there has been delay in some cases during the year.</i></p> <p>According to the information and explanations given to us, no undisputed amounts payable in respect provident fund, employees state insurance, income tax, sales tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues with the appropriate authority were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable <i>except in respect of the following statutory liabilities remaining old unreconciled still unpaid for which sufficient particulars are not available with the Company. In absence of sufficient details like period to which it relates to, due date of deposit of the tax or duty or cess as prescribed under relevant statutes could not be adequately and properly reported.</i></p>	<p>The Corporation regularly file and deposit its statutory dues to various authorities except the mentioned amount.</p> <p>These are very old dues and is under reconciliation and once finalised will be deposited with proper authorities.</p>



Observation of Audit		Replies of Management																			
<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amounts (Rs)</th> </tr> </thead> <tbody> <tr> <td>Income Tax (TDS)- Salary and Other heads</td> <td>2,68,11,523</td> </tr> <tr> <td>Professional Tax</td> <td>7,47,314</td> </tr> <tr> <td>G.P.F.</td> <td>13,40,357</td> </tr> <tr> <td>PRAN</td> <td>2,56,891</td> </tr> <tr> <td>RMC Fees</td> <td>54,52,35,734</td> </tr> <tr> <td>EPF Payable</td> <td>65,545</td> </tr> </tbody> </table> <p><i>Further as explained by the Company to us, most of the above statutory dues remain unreconciled up to 31st March 2017 which might have been paid but not correctly shown or properly adjusted in the accounts.</i></p>		Particulars	Amounts (Rs)	Income Tax (TDS)- Salary and Other heads	2,68,11,523	Professional Tax	7,47,314	G.P.F.	13,40,357	PRAN	2,56,891	RMC Fees	54,52,35,734	EPF Payable	65,545						
Particulars	Amounts (Rs)																				
Income Tax (TDS)- Salary and Other heads	2,68,11,523																				
Professional Tax	7,47,314																				
G.P.F.	13,40,357																				
PRAN	2,56,891																				
RMC Fees	54,52,35,734																				
EPF Payable	65,545																				
<p>b) According to the records of the company and on the basis of information and explanations given to us, there are no dues in respect of income tax or sales tax or service tax or duty of customs or duty of excise, value added tax or goods and services tax which have not been deposited with the appropriate authorities on account of any dispute <i>except</i> for the following disputed dues.</p> <table border="1"> <thead> <tr> <th>Name of the Statute</th> <th>Nature of dues outstanding</th> <th>Period</th> <th>Disputed Amount (Rs)</th> <th>Amount Deposited (Rs)</th> <th>Forum where it is pending</th> </tr> </thead> <tbody> <tr> <td>Odisha Value Added Tax (OVAT) Act 2004</td> <td>Penalty</td> <td>F/Y 2013-14 to F/Y 2015-16</td> <td>93,00,341</td> <td>-</td> <td>Odisha State Sales Tax Tribunal</td> </tr> <tr> <td>-do-</td> <td>Interest</td> <td>-do-</td> <td>3357261</td> <td>335726</td> <td>-do -</td> </tr> </tbody> </table>		Name of the Statute	Nature of dues outstanding	Period	Disputed Amount (Rs)	Amount Deposited (Rs)	Forum where it is pending	Odisha Value Added Tax (OVAT) Act 2004	Penalty	F/Y 2013-14 to F/Y 2015-16	93,00,341	-	Odisha State Sales Tax Tribunal	-do-	Interest	-do-	3357261	335726	-do -	<p>Agreed. Except the disputed amount which is under jurisdiction of tribunal, no other due is pending with the corporation.</p>	
Name of the Statute	Nature of dues outstanding	Period	Disputed Amount (Rs)	Amount Deposited (Rs)	Forum where it is pending																
Odisha Value Added Tax (OVAT) Act 2004	Penalty	F/Y 2013-14 to F/Y 2015-16	93,00,341	-	Odisha State Sales Tax Tribunal																
-do-	Interest	-do-	3357261	335726	-do -																



Observation of Audit	Replies of Management
<p>8. On the basis of examination of records and according to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings to a financial institution, or bank. The company has not availed any loan from Government or debenture holders.</p>	<p>Agreed</p>
<p>9. Based on the examination of the books of accounts and related records and according to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the year. Term loans have generally been applied for the purpose for which they were raised by the company.</p>	<p>Agreed</p>
<p>10. Based on audit procedures applied and according to the information and explanation given to us, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year ending 31st March 2019 excepting the fact that the company does not have a regular system and process of identification accounting and reporting of audit recovery and shortage value of Rs. 57930176/- as "Other Income" (Ref: Note-10 forming part of financial statements) and balance of Misappropriation of Stock and Shortages Value Recoverable for Rs. 1,79,48,16,086/- as at 31.03.2019 under the broad heading of "Other Current Assets" (Ref: Note-8.5 forming part of financial statements).</p>	<p>Agreed</p>



Observation of Audit	Replies of Management
<p>However, fraud element involved if any in such cases of misappropriation of stock/shortage Value Recoverable neither noticed by the Company or its officers or employees during the year nor such information <i>has been furnished to us and hence could not be examined by us.</i></p>	
<p>11. In view of the Government notification No. GSR 463 (E) dated 5th June, 2015 the Company is exempt from the applicability of Section 197 read with Schedules (V) to the Companies Act 2013. Accordingly, clause 3 (xi) of the Order is not applicable to the Company.</p>	Agreed
<p>12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, Clause 3 (xii) of the Order is not applicable to the Company.</p>	Agreed
<p>13. In our opinion and as per the information and explanation given to us, the company has not entered into any transaction requiring compliance with Section 177 and 188 of the Companies Act, 2013. Hence clause 3 (XIII) of the order is not applicable to the Company.</p>	Agreed
<p>14. Based on the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review requiring compliance with Section 42 of the Companies Act, 2013. Hence, Clause 3 (xiv) of the Order is not applicable to the Company.</p>	Agreed



Observation of Audit	Replies of Management
15. Based on the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Hence, Clause 3 (xv) of the Order is not applicable to the Company.	Agreed
16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45 - IA of the Reserve Bank of India Act, 1934. Hence, Clause 3 (xvi) of the Order is not applicable to the Company.	Agreed



ANNEXURE -B

Directions		
A. General Directions		
Areas Examined	Observation/Findings	Replies of Management
1. Whether the company has clear title deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The Company does not have clear title/lease deeds <i>in a number of cases other than Head Office Building and Godowns at Mancheswar and Jagatpur.</i> In case of office buildings and 159 numbers of Godowns at various locations, the lands have been alienated in the name of Civil Supplies Officer of different districts as decided by Government of Odisha. However full particulars of land along with area and status thereof (freehold and leasehold) <i>have not been furnished to us by the Company for verification.</i>	The auditor has been provided with details based on which they have given their findings. We agree with the finding of the auditors.
2. Please report whether there are any cases of waiver/ write off of debts/loans/interests etc. if yes, reasons thereof, and the amount involved.	There is no case of waiver/ write off debts/loans/interest etc by the company during the year.	Agreed.
3. Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Government or other authorities.	<i>In absence of production of records with respect to inventories lying with third parties for examination, we are unable to comment to what extent it is maintained properly.</i> Further, the Company has not received any asset as gift from Government or other authorities during the year under audit.	There is a regular monitoring and system of verification of inventories with third parties and each year of KMS the asset is being reconciled and fully adjusted before start of a new KMS year.



B. Company/Sector Specific Sub-direction																		
Areas Examined	Observation/Findings	Replies of Management																
<p>1. Whether the Company has lifted the quantity of food grains allotted by Government, the lifted quantities and quantity released or distributed to fair price shops at subsidized rates and the company has reconciled the total quantity of food grains lifted and distributed.</p>	<p>As explained and informed to us, the company has lifted the following quantity of food grains allotted by the Government, the lifted quantities and quantity released or distributed to fair price shops at subsidized rates. The company has not reconciled the total quantity of food grains allotted/lifted and distributed during the year 2018-19.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="4" style="text-align: right;">In MT</th> </tr> <tr> <th>Food Grains Commodities</th> <th>Allotment</th> <th>Lifting</th> <th>Released or Distributed</th> </tr> </thead> <tbody> <tr> <td>Rice</td> <td>2220864</td> <td>2165388</td> <td>2145787</td> </tr> <tr> <td>Wheat</td> <td>292248</td> <td>285730</td> <td>284300</td> </tr> </tbody> </table>	In MT				Food Grains Commodities	Allotment	Lifting	Released or Distributed	Rice	2220864	2165388	2145787	Wheat	292248	285730	284300	<p>Agreed.</p>
In MT																		
Food Grains Commodities	Allotment	Lifting	Released or Distributed															
Rice	2220864	2165388	2145787															
Wheat	292248	285730	284300															
<p>2. Whether the Company has preferred the claim in time for differential cost with the Government and the amount of claim accepted/rejected has been properly accounted for in the books of the Company.</p>	<p>In absence of the production of the timing schedule of preferring claim for differential cost with the Government and items covered under those claims, <i>we are unable to comment to what extent the company has preferred the claim in time for differential cost with the Government.</i></p> <p><i>In absence of period wise claim details we are unable to comment the amount of claim accepted/rejected and accounting thereof in the books of account by the company.</i></p> <p>The Company has short received for Rs 2244.33 Crores from Govt of India towards subsidy claimed under decentralised paddy procurement operation for the period from FY 2003-04 & 2018-19 and excess receipt of Rs 100.36 Cr from Govt of Odisha towards subsidy for distributing rice at subsidised rate, <i>but accounting of the short</i></p>	<p>Agreed. The same has been disclosed properly in books of account and in the notes of accounts to the financial statement.</p>																



Areas Examined	Observation/Findings	Replies of Management
	<p><i>/excess receipt could not be linked and reconciled by the company (Ref Item No 18 of Note 2 of Note on Account).</i></p> <p>i. Loss incurred on Potato trade for Rs.18,47,399.00 for the year 2013-14 and Rs.15,37,436.00 for the year 2014-15 and the result of such Potato trade of the year F.Y. 2015-16 was under examination by the committee constituted by Government of Odisha vide letter no.23594 dt.01/12/2016. Against above status of accounting or rejection of claims not informed to us.</p> <p>However, an amount of Rs.125,00,000.00 was received by the Company from Government of Odisha as Share Capital for Market Intervention by the Company against this loss.</p> <p>(ii) The company has submitted Procurement Account up to KMS- 2016-17 to Government of India for finalisation of procurement incidentals. The claim of OSCSC is under examination and reconciliation at Government of India level. The additional amount of subsidy that will be accounted for only after finalisation of Accounts and reconciliation (Refer item No.2 of Note no. - 2 Notes on Accounts).</p>	
<p>3. Comment on the existence of quality control system to check the quality of food grains to be distributed to beneficiaries. Any deficiencies resulting in supply of food grains as per accepted quality norms shall be mentioned.</p>	<p>According to information and explanation given to us quality control system exists at the company. Due to checking at regular intervals at purchase stage, there is a system of checking quality of food grains to be distributed to beneficiaries.</p> <p>There is no case of deficiency resulting in supply of food grains as per accepted quality norms noticed by us.</p>	<p>Agreed.</p>



ANNEXURE -C

Observation of Audit	Replies of Management
<p>A. LIABILITIES</p> <p>1. REF: NOTE: 3.2 :- RESERVES&SURPLUS Rs.16,98,46,360.00</p> <p>1.1. Capital Reserve Rs.13,98,75,064 Against capital reserve, the W.D.V. of fixed assets acquired out of grants as at 31st March 2019 shows an amount of Rs. 9,95,43,829.00 resulting a mismatch of Rs. 4,03,31,235.00 thus, stands un-reconciled. Mobile Vans acquired out of grants during the year 1987-88 to 2000-01 shown in accounts has neither been disclosed separately in fixed assets nor was depreciation charged on those assets properly adjusted against Capital Reserve. Impact of such non-disclosure or non-accounting/non-adjustment in fixed assets Over "Loss Before Subsidy" for the year with corresponding adjustment in "Capital Reserve" has not been given in accounts.</p>	<p>The company develop asset from Govt Funds and its own funds. But some of the assets created under the Category "Motor Vehicle" has been shown under own Assets instead of "Creation of Capital Assets-Motor Vehicles" due to which there is a mis-match between Capital Reserve and Fixed Asset acquired out of grants which has been shown under the category "Creation of capital Assets".</p> <p>Due to non-reconciliation and non-identification of the assets under Motor Vehicle, the assets could not be segregated under proper head.The same will be re-examined and after due identification will be appropriately disclosed.</p>
<p>1.2 Non-charging of depreciation of depreciable assets in a systematic and rational basis over the useful life of assets acquired out of Grant received and non-allocation of the same to income over the period is not in accordance with Accounting Standard-12 prescribed by the Institute of Chartered Accountants of India.</p>	<p>Depreciation has been charged as per the rate/useful life of the assets applicable as per the Companies Act in a systematic and rational basis. However the same will be reviewed and if necessary, will be rectified.</p>
<p>2. REF: NOTE:4.1:-OTHER LONG TERM LIABILITIES Rs. 2,75,45,21,337.00</p> <p>2.1 Security Deposits Received:- Rs. 36,93,23,257.00 In case of some districts, Security Deposits and Earnest Money Deposit for Rs 35,85,853.00 has been refunded against which neither any deposit has been</p>	<p>The cases of SD/EMD refund without opening balance/recovery during the year at some District, against which balance is mostly available at Head Office books of accounts. But due to non-availability of party wise, District wise balance the same could not be transferred to concern Districts. After due reconciliation and identification of proper District, the balance will be transferred to the concern Districts.</p>



Observation of Audit	Replies of Management																				
<p>collected neither during the year nor during earlier years. Similarly, in case of some districts, a sum of Rs 6,79,812.00 have been refunded towards Security Deposits /Earnest Money Deposit during the year without any recovery either during the year or during earlier period. Excess payment has been made to different parties again stands un-reconciled and un-recovered and offers a scope for misappropriation.</p>																					
<p>2.2 Schematic Funds Received From Government: -Rs. 2,38,51,98,080.00</p> <p>In case of Schematic Advances like "End to End Computerization", "Digitization and Replacement of Ration Card", "Creation of Capital Assets" and "VGF for State PEG", year-end balance as per accounts does not agree with that of unutilized balance shown at the year-end as per utilization certificates submitted to appropriate authorities. The funds are also not represented by equal amount of earmarked bank balance/fixed deposits wherever stipulated by sanctioning authorities. Details are as under</p> <table border="1" data-bbox="199 1242 812 1583"> <thead> <tr> <th>Sl. No.</th> <th>Particulars Of Schematic Funds</th> <th>Balance as at 31.03.2019 As per Accounts(Rs.)</th> <th>Unutilized Balance as per UC (Rs.) as at 31/03/2019</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>End to End Computerization</td> <td>6,64,82,969</td> <td>8,29,62,388</td> </tr> <tr> <td>2</td> <td>Digitization & Replacement of Ration Card</td> <td>29,17,19,704</td> <td>22,47,65,546</td> </tr> <tr> <td>3</td> <td>Creation of Capital Assets</td> <td>12,90,86,740</td> <td>9,74,07,073</td> </tr> <tr> <td>4</td> <td>VGF for State PEG</td> <td>450,29,582</td> <td>NIL</td> </tr> </tbody> </table>	Sl. No.	Particulars Of Schematic Funds	Balance as at 31.03.2019 As per Accounts(Rs.)	Unutilized Balance as per UC (Rs.) as at 31/03/2019	1	End to End Computerization	6,64,82,969	8,29,62,388	2	Digitization & Replacement of Ration Card	29,17,19,704	22,47,65,546	3	Creation of Capital Assets	12,90,86,740	9,74,07,073	4	VGF for State PEG	450,29,582	NIL	<p>The fact of non-agreement between Schematic Fund and balance as per Utilisation certificate has been duly disclosed in Note 2 –“Notes on Accounts” point no-14.</p> <p>However due effort will be made to reconcile the same.</p>
Sl. No.	Particulars Of Schematic Funds	Balance as at 31.03.2019 As per Accounts(Rs.)	Unutilized Balance as per UC (Rs.) as at 31/03/2019																		
1	End to End Computerization	6,64,82,969	8,29,62,388																		
2	Digitization & Replacement of Ration Card	29,17,19,704	22,47,65,546																		
3	Creation of Capital Assets	12,90,86,740	9,74,07,073																		
4	VGF for State PEG	450,29,582	NIL																		
<p>2.3 Market Intervention Fund:- Rs. 54,64,24,415.00</p> <p>Interest for Rs.8,63,724.00 on short term deposits with UCO Bank and interest for Rs. 4,12,903.00 on short term deposits maintained with Indian Bank for the year both earmarked for Market intervention fund was erroneously capitalized to</p>	<p>As commented by the auditor, there will be no overall impact on total scheme fund.</p> <p>However the matter will be examined and after due identification needful entry will be passed.</p>																				



Observation of Audit	Replies of Management
<p>Digitization and Replacement of Ration Card. This has resulted change in yearend balance by way of increase in balance of one scheme and decrease in another scheme by Rs 12,76,627.00.but, it does not have any overall impact over balance of total Schematic Funds.</p>	
<p>2.4 Interest on Market Intervention Fund: - Rs. 35,81,658.00 The above amount of Rs. 35,81,658.00 towards wrong credit of interest on fixed deposit was reversed in the account of Scheme of "Digitization&Replacement of Ration Card" and transferred to "Market Intervention Fund" by the company during financial year 2017-18. The company did not have any fixed deposit maintained with any bank either during financial year 2017-18 or during earlier period earning such interest. Therefore in our opinion, the amount should have been written back. This has resulted overstatement of "Loss before Subsidy "for the year by Rs.35,81,658.00 as well as overstatement of "Other Long Term Liabilities" by similar amount.</p>	<p>The mention opinion by Auditor is related to FY 2017-18 which has already been taken cognizance of. The same will be examined and if found required, necessary entry will be made.</p>
<p>2.5 In case of Other Long Term Liabilities,Old, dormant, un-reconciled and unconfirmed advance for Rs 976,79,741.00 have been set off against "<i>Other Long Term Liabilities</i>" which in our opinion should be presented under "<i>Long Term Loans and Advances</i>"(<i>Non-Current Assets</i>) This has resulted understatement of "Long Term Loans and Advances" (Non-Current Assets) by Rs 976,79,741.00 with understatement "Other Long Term Liabilities" by similar amount.</p>	<p>The mentioned amount has been under reconciliation which is already disclosed in Note 2 "Notes on Accounts" point no 22. The same as per Auditor should have been disclosed under "Long Term Loans and Advances"(Non-Current Assets) which will be done after due reconciliation.</p>



Observation of Audit	Replies of Management
<p>3. REF: NOTE: 5.1:-SHORT TERM BORROWINGS Rs. 107,67,56,74,325</p> <p>3.1. Cash Credit Loan :-Rs. 82,64,75,00,580 It includes a sum of Rs.1,91,67,537.00 lying in State Bank of India, (Cash Credit Account No 30994666351) representing brought forward unreconciled difference) not yet been adjusted by the company.</p>	<p>The balance amount of Rs 1,91,67,537/- is a carry forward balance of earlier years which need to identified before proper adjustment is made. The same will be examined and after identification will be accounted properly.</p>
<p>3.2 It includes debit balance of Rs. 1,09,68,761.00 as at 31.03.2019 lying in some bank accounts set off against year-end credit balance of other bank accounts presented under "Short Term Borrowings" as at 31.03.2019 which should have been presented under "Cash & Cash Equivalents". This has resulted understatement of "Short Term Borrowings by Rs 1,09,68,761.00 as well as understatement of "Cash & Cash Equivalents" by similar amount.</p>	<p>Although a debit balance of Rs 1,09,68,761.00 appeared under short term borrowings but due to similar in nature of cash credit taken under the same head of Cash credit Loan Account, the above balance is also carried under same head.</p> <p>The disclosure suggestion is being noted.</p>
<p>4. REF: NOTE: 5.2:-TRADE PAYABLES Rs. 11,82,20,03,623.00</p> <p>4.1 Dues to Transport Contractors-Level-II Rs. 24,71,87,858.00 A sum of Rs. 26,05,12,074.00 has been provided for towards Transport Charges payable to Transport Contractors (Level-II) during the year. Closing balance as at 31.03.2019 as shown above cannot be less than that of provision created by the company during the year. This has resulted understatement of Loss Before Subsidy for the year by Rs. 1,33,24,216.00 as well as understatement of "Trade Payable" by similar amount.</p>	<p>Due to excess provision of earlier years which is being reversed at the time of accounts closing in the next year, due to which less balance than current year provision is showing against the provision created by the company.</p> <p>Care will be taken while finalise next year accounts.</p>
<p>4.2. Dues to Jute Commissioner:- Rs. 96,70,58,173.00 The balance is subject to confirmation and reconciliation.</p>	<p>Balance due to Jute Commissioner is under reconciliation.</p>



Observation of Audit	Replies of Management
<p>4.3 (i) Dues to SA cum GA:- Rs. 91,29,307.00</p> <p>(ii) Dues to Marketing Inspectors Rs. 35,40,342.00 Rs.1,26,69,649.00</p> <p>The above dues are unreconciled lying in the account of Sales Assistants cum Godown Assistants and Marketing Inspectors since last past several years without any payment or adjustment. Dues to staff can never remain outstanding for so long again lying dormant, un-reconciled and un-confirmed. Further staff wise details and their present employment status and reason of non-payment or non-adjustment has not been furnished before us for verification. Amount required to be set-off against Advances to SA CUM GA and Marketing Inspectors in absence of staff wise details, could not be ascertained.</p>	<p>The balance remained under "Due to SA&GA, MI" are old balances which need reconciliation before setoff against Advance.</p> <p>The same has been arising due to departmental execution of corporation work through corporation officials & the expenses have been booked. Communication to District is being made against the same and on receiving the details adjustment will be made.</p>
<p>4.4 GST Payable for Rs. 5,10,182.00 "Dues to Service" (payable to SPA) for Rs.32,30,485.00 and Dues to NSIC Ltd for Rs. 1,79,44,450.00 thus aggregating toRs 2,16,85,117.00 presented under "Trade Payables" are not directly connected with Trade and there is every chance of payment or settlement within a period of next 12 months and therefore it should be presented under "Other Current Liabilities"</p> <p>This has resulted over statement of "Trade Payables" by Rs 2,16,85,117.00 with understatement of "Other Current Liabilities" by similar amount.</p>	<p>The disclosure opined by the Auditor is being noted and needful rectification will be made in the next year accounts.</p>
<p>4.5 In case of Trade Payables in our opinion, total debit balance of Rs.6,27,78,898.00 representing brought forward old, dormant, unreconciled, unconfirmed, unadjusted and unrecovered have been set off against "Trade Payables" In our opinion</p>	<p>Considering the nature of the transaction of the corporation and the decentralised accounting system, advance appears in some district and liability appears in some other District Therefore the advance have been set off against liability considering its appropriateness and the</p>



Observation of Audit	Replies of Management
<p>it should be presented under “Long Term Loans and Advances” (<i>Non-Current Assets</i>) as it does not have a chance of immediate recovery/adjustment within a period of next 12 months or operating cycle. Similarly, old, dormant, unreconciled and unconfirmed liabilities of Rs. 3,99,88,44,958.00 does not have any chance of payment or settlement within a period of next 12 months or operating cycle should be presented under “Other Long Term Liabilities”.</p> <p>This has resulted understatement of “Long Term Loans & Advances” (<i>Non-Current Assets</i>) by Rs.6,27,78,898.00 with understatement of “Other Long Term Liabilities” by Rs 399,88,44,958.00 and overstatement of “Trade Payables” by Rs 393,60,66,060.00.</p>	<p>same practice is being followed by the corporation since long.</p>
<p>5. REF: NOTE: 5.3:- OTHER CURRENT LIABILITIES Rs.4,96,94,46,105.00 Other Current Liabilities (Without Control A/C) Rs.3,53,64,28,909.00</p> <p>5.1 Trade Advance from Storage Agents/FPS & Others: - Rs. 149,50,79,001.00</p> <p>It includes Receivable for Rs 41,57,34,162.00/-under different schemes by the company set off against Advance Sales Proceeds for Rs 191,08,13,163.00 received under those schemes during the year. Substantial portion of debit as well as credit balance have been carried forward in accounts remaining old, dormant, un-reconciled and un-confirmed since last several years neither expected to be realized nor recovered or adjusted within a period of next 12 months or operating cycle nor old, dormant, un-reconciled and un-confirmed liabilities are expected to be paid or settled or discharged within a period of next 12 months or operating cycle.</p>	<p>The disclosure opined by the Auditor is being noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>



Observation of Audit	Replies of Management
<p>Therefore in our opinion, out of above receivables Rs 40,60,36,362.00 set off against liabilities being directly connected with trade again being old, dormant, un-reconciled and unconfirmed and stagnant should be presented under "Long Term Trade Receivable" (Other Non-Current Assets) and amount outstanding for a period of exceeding six months for Rs.96,97,800.00 be presented under Trade Receivable outstanding for a period of more than six months under "Current Assets". Similarly brought forward old, dormant, un-reconciled and unconfirmed liabilities for Rs.1,91,08,13,163.00 be presented under "Other Long Term Liabilities"</p> <p>This has resulted understatement of "Long Term Trade Receivable (Other Non-Current Assets) by Rs.40,60,36,362.00, (Non-Current Assets), Trade Receivable (Current Assets) by Rs 96,97,800.00 and "Other Long Term Liabilities" by Rs 1,91,08,13,163.00 and over statement of "Other Current Liabilities" by Rs.1,49,50,79,001.00.</p>	
<p>5.2 Withheld Amount Refundable: Rs. 48,48,19,477.00</p> <p>The above balance includes brought forward unadjusted excess refund representing debit balance of Rs.858,792.00 by Puri district, and a sum of Rs.894,690.03 by Nayagarh district in the account of withheld from Custom Millers. Rs.3,61,839.00 in Transport Contractor (Level-I) and Rs. 1,10,000.00 from others thus aggregating to Rs.22,25,321.00 set off against credit balance in withheld account from others brought forward from earlier period still remains unreconciled, unconfirmed, unadjusted and</p>	<p>Noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>



Observation of Audit	Replies of Management
<p>unrecovered and it offers a scope for misappropriation.</p>	
<p>5.3 Advance from Govt. /Govt. Agencies Rs.12,68,960.00</p> <p>It includes brought forward credit balance of Rs.24,67,000.00 by Dhenkanal district against which a sum of Rs 15,00,000.00 being unutilized grant lying with it was refunded during the year by the said district.</p> <p>Therefore, the balance amount of Rs.9,67,000.00 is no longer payable /refundable by the said district or company but, not written back in accounts.</p> <p>This has resulted overstatement of "Loss Before Subsidy" by Rs 9,67,000.00 as well as "Other Current Liabilities" by similar amount.</p>	<p>The circumstances under which the balance of Rs 9.67 Lakh is to be examined and accordingly letter to communication to concern district has been made. Once detail information regarding the same is being available needful adjustment will be made.</p>
<p>5.4 Withheld from NSIC Ltd.:- Rs 67,16,050.00</p> <p>In spite of completion of stipulated time schedule of 3rd phase of implementation of SAP/ERP having FICO & MM Module with a scope of major deliverables like integration of PPAS, SCMS, Wheat procurement from FCI to depot and the system of Go live right from pilot project to third phase and maintenance of accounts through ERP/SAP from the period 2017-18, no invoices has been raised by NSIC Ltd for such reduced services/quantities. The company has not quantified the amount recoverable for such substantial reduced services right from pilot phase to third phase but it has kept only very nominal amount of Rs 67,16,050.00 as withheld from outstanding bills from NSIC Ltd during the year. Further to what extent the amount kept as withheld from</p>	<p>The withheld against bill of NSIC is being made on the suggestion of the concern section based on the implementation status and accordingly withheld is being made. The withheld amount is being kept till service is not provided by the agency and certified by the concern section. However the matter related to SAP implementation is being examined in detail during FY 2021-22 and the agency has been instructed to execute the remaining part of major deliverables.</p>



Observation of Audit	Replies of Management
<p>bills during the year has been accepted by NSIC Ltd has not been furnished to us.</p>	
<p>5.5 Auction Sale of Paddy Under Dispute: - Rs.2,01,03,255.00</p> <p>Out of the above amount a sum of Rs 1,97,17,287.00 have been directly deposited by M/s. Chandraprava Rice Mill and M/s. Bharati Rice Mill, Bhadrak with the Registrar, High Court of Odisha during the year. Above balance has not been received directly through cheque or demand draft or any other mode, by the Company, but the receipt of the amount from the millers has been presented under "Other Current Liabilities" and deposit of the amount with the Registrar of Odisha High Court has been presented under "Other Current Assets". Further, there is a mismatch of the amount by Rs.3,85,968.00 resulting excess receipt than deposit again remains un-reconciled (<i>Ref- Item no. 21 of Note: 2 of Notes on Accounts.</i>)</p> <p>Since the entire amount deposited by the millers with the Registrar, Odisha High Court may not be recoverable by the company as other parties including that of lender bank of the millers have a charge or right over the deposit amount therefore in our opinion, neither the receipt from millers nor deposit with the Registrar in pursuance of the order of the Hon'ble High court should not be brought in to accounts. Rather disclosure in notes on accounts will be adequate.</p>	<p>The mentioned amount observed by the auditor is being examined, if found required, necessary entry will be made.</p>
<p>5.6 Recoveries from Employees:- Rs.17,81,151.00</p> <p>Principal on House Building Advances Rs.16,71,448.00</p> <p>The above balance of Rs. 16,71,448.00 (including brought forward balance of Rs 12,07,658.00) represents recovery towards</p>	<p>The balance showing recoveries from employees under principal on House rent has been recovered from salary of the employees,</p>



Observation of Audit	Replies of Management
<p>principal on House Building Advance from the salary of employees as against which opening outstanding House Building Advance does not appear in accounts. Therefore, the amount recovered towards principal on HBA should be shown as income in the Statement of Profit and Loss by the Company for the year.</p> <p>This has resulted overstatement of "Other Current Liabilities" by Rs 16,71,448.00 as well as "Loss Before Subsidy" for the year by Rs. 4,63,790.00 and over statement of Subsidy Receivable/Advance Subsidy classified as "Other Current Assets" by Rs 12,07,658.00. (to the extent of unadjusted brought forward balance).</p>	<p>but the principal on House rent Advance is not available in the books of accounts to be adjusted. The same is under examination and after due identification the recoveries from the employees will be adjusted.</p>
<p>5.7 EPF Payable :- (Employee's Share) Rs. 27,51,633.00</p> <p>An amount of Rs.4, 78,783.00 towards Employee's share payable for the month of March 2018 was deposited in the month of April 2018 by Sambalpur, Balasore, Kendrapada, Khurda, Dhenkanal and Nayagarh district respectively for which opening balance of liabilities is not available in accounts. Further, EPF payable (Employees share) recovered from salary for the month of March 2019 by most of the districts has not been accounted for in the accounts. However CPF/EPF payable for (Employers' Share) has been shown at Nil. When there was Employees' Share outstanding to be deposited, their Employer's share can never be nil.</p> <p>This has resulted understatement of "Prior Period Expense" by Rs. 4,78,783.00 and Overstatement of "Loss Before Subsidy" for the year by similar amount.</p>	<p>At some districts the PF share is being taken in accounts while payment is made, so payable portion is not been showing in some District. But care will be taken to account the PF dues on accrual basis in all Districts.</p>



Observation of Audit	Replies of Management
<p>5.8 CPF OMC Employers share:- Rs.2,02,438.00</p> <p>A sum of Rs.2,02,438.00 was deposited by the Company during April 2018 towards of employers share for the month of March 2018 in respect of deputationists (OMC) not provided for in the accounts during the year 2017-18.</p> <p>This has resulted understatement of "Prior Period Expense" for the year by Rs.2,02,438.00 and overstatement of "Loss Before Subsidy" by similar amount. Further, Employer's share in respect of deputationists (OMC) for the year 2018-19 has neither been provided for in the accounts nor quantified. Its consequential impact over "Loss Before Subsidy" for the year as well as Other Current Liability not ascertained.</p>	<p>The sum of Rs 2,02,438.00 of CPF OMC Employers share has not been provided but the same has been deposited during the year. Care will be taken in future to account the statutory dues on accrual basis.</p>
<p>5.9 Stale Cheque Rs. 9,13,490.00</p> <p>It includes a sum of Rs. 93,700.00 (vide cheque no. 223112 & 223113 dt. 08.03.2011) was issued to farmers towards cost of paddy sold by DPC Chandol Account of Kendrapada district. As the above two cheques were not encashed till August 2012, during the course of closure of DPC reverse entry was made by the district for Rs 93,700.00 on 24.08.2012, and then the balance amount was transferred to District Office Account (Ref: letter no. 1356 /06.04.18 by DM, Kendrapada) Even after closure of DPC Account and transfer of the amount to District Office, the amount has not been withdrawn from the "Stale Cheque Account".</p> <p>This has resulted overstatement of "Loss Before Subsidy" for by Rs. 93,700.00 as well as overstatement of "Other Current Liabilities" by similar amount.</p>	<p>The same will be examined and will be rectified during the next financial year.</p>



Observation of Audit	Replies of Management
<p>5.10 Outstanding Salary:- Rs. 22,79,95,665.00</p> <p>Outstanding salary includes a sum of Rs. 17,63,05,967.00 pertaining to Head Office for which period wise outstanding, employee wise details, their employment status. It is further observed that a sum of Rs.14,44,14,985.00 was carried forward by Head Office since earlier year in Salary Payable Account continues to be un reconciled and unpaid</p> <p>A sum of Rs.4,65,93,205.00 has been paid by Head office during the year shown under Pay & Allowance of Corporation's staff without any provision for current year or adjustment against earlier year's expense which is neither possible nor appropriate and date of subsequent payment could not be made available to us for verification. Payments made during the year out of provisions created for Rs.13,20,56,182.00 towards Arrear Pay arising out of 7th Pay Commission and Provision of Rs.3,18,92,764.00 created during the year 2017-18 towards Arrear D.A declared by the company from time to time and balance outstanding as at 31.03.2019 has not been ascertained by the Company. Further, liability arising out of retirement benefits including Arrear payable to UFO Employees after unfavorable decision of Hon'ble Supreme Court of India and other Courts has not been quantified by the company. Impact of above discrepancy Over Loss Before Subsidy for the year as well as "Other Current Liabilities" could not be ascertained.</p>	<p>The unreconciled and unaccounted amounts observed by the auditor will be examined and will be accounted for.</p>



Observation of Audit	Replies of Management
<p>5.11 TDS Payable Rs. 4,49,66,714.00</p> <p>The above balance has been derived after setoff of debit balance of Rs 1,94,59,075.19 representing deposit of tax made by the company under various provisions of the Act without accounting of recovery of tax from various payment /provisions or liabilities created earlier or payments made during the year. Deposit includes a sum of Rs 4,00,00,000.00 towards Advance deposit of TDS U/s. 194H of the Income Tax Act, 1961 against total TDS dues on P A C S C o m m i s s i o n f o r Rs.9,72,28,896.00 comprising of TDS on commission Rs. 9,65,67,978.00 and interest of Rs.6,60,918.00. However, TDS Payable U/s 194H of the Act against current years' dues as at 31.03.2019 is Rs. 2,03,05,344.00 and balance TDS amount of Rs.3,69,23,552.00 (a part of deposit of Rs. 5,72,28,896/-) was deposited by the Company in the month of April 2019. Considering advance paid for Rs. 4,00,00,000/- and balance liability due on Commission to PACS for Rs.7,69,23,552/- has not been provided for in the accounts by the company during the year / nor adjusted in the account of Dues to PACS. Similarly, a sum of Rs 20, 00,000.00 was deposited by Kalahandi district during the year against advance TDS against reservation charges payable to OSWC for the earlier period but not duly adjusted against "Godown Rent Payable". Further, a sum of Rs 37,50,212.00 have been deposited during the year by Head Office towards recovery of TDS from salary U/s 192A and U/s 192B of the Income Tax Act 1961 not duly adjusted in the account of "Pay & Allowances".</p>	<p>All the TDS related matter observed by the auditor will be examined and if necessary entry needed will be made.</p>



Observation of Audit	Replies of Management
<p>This has resulted understatement of “Loss Before Subsidy” Rs 44,11,130.00 as well as understatement of “Other Current Liabilities” by Rs 8,13,34,682.00 and overstatement of “Trade Payables” by Rs 9,85,67,978.00 and overstatement of Trade Payables by Rs 7,69,23,552.00.</p> <p>Similarly, Short Term Loans & Advance (Ref Note- 8.4) includes Rs 4,56,28,710.00 derived after set off of brought forward credit balance of TDS Payable for Rs 22,60,270.00 still remains unpaid. The above yearendbalance including deposit of advance TDS deposits of Rs. 3,48,59,967.08 recovery of tax made against earlier years but has not been adjusted against TDS payable. Certain deposits are made by different districts during the year shown under this head for which recovery is shown under TDS Payable presented under “Other Current Liabilities” which in our opinion is not correct.</p> <p>Considering the nature of deposit or advance, entire amount of TDS deposit against recovery shown under the heading of “Income Tax” under the broad heading of “Short Term Loans & Advances” for Rs. 4,56,28,710.00. In our opinion should have been offset against TDS Payable under the broadheading of “Other Current Liabilities”</p> <p>This has resulted overstatement of “Other Current Liabilities” by Rs 45628710.00 with overstatement of Short Term Loans & Advances by similar amount.</p>	
<p>5.12 In case of Other Current Liabilities other than Control Accounts total debit balance as at 31.3.19 includes old, dormant, unreconciled, unconfirmed and stagnant amount of Rs. 5,81,78,039.00 and set off</p>	<p>Considering the nature of the transaction of the corporation and the decentralised accounting system, advance appears in some district and liability appears in some other District. Therefore the advance has been set off against</p>



Observation of Audit	Replies of Management
<p>against credit balance brought forward since past several years . These advances are either not expected to be recovered or adjusted within a period of next 12 months or operating cycle. Therefore in our opinion, such old and dormant advances should be presented under “Long Term Loans and Advance” (Non-Current Assets) and further old and unadjusted balance of Rs 117,65,40,613.00 included in "Other Current Liabilities" and having no chance of payment or settlement within a period of next 12 months or operating cycle should be presented under “Other Long Term Liabilities” This has resulted over statement of “Other Current Liabilities” by Rs.1,18,83,62,574.00 with understatement of “Long Term Loans and Advances” (Non-Current Assets) by Rs. 5,81,78,039.00 and understatement of “Other Long Term Liabilities” by Rs.1,17,65,40,613.00</p>	<p>liability considering its appropriateness and the same practice is being followed by the corporation since long.</p>
<p>5.13 Control Accounts (Net) Rs 1,43,30,17,196.00</p> <p>In view of old , dormant ,stagnant , unreconciled and unconfirmed debit balances being carried forward in accounts since past several years having no chances of realization or settlement or adjustment within a period of next 12 months or operating cycle in respect of debit balance of Rs 1,14,29,38,69,552.00 set off against old dormant /unreconciled and unconfirmed liabilities of Rs 115,72,68,86,748.00 having no chance of payment/settlement or adjustment within a period of next 12 months or operating cycle therefore in our opinion such old debit balance should be presented under “Long Term Loans & Advances” (Non-Current Assets) and old</p>	<p>The disclosure opined by the Auditor is being noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>



Observation of Audit	Replies of Management
<p>liabilities be presented "Other Long Term Liabilities".</p> <p>This has resulted understatement of "Long Term Loans and Advances" (Non-Current Assets) by Rs 1,14,29,38,69,552.00 as well as understatement of "Other Long Term Liabilities" by Rs 1,15,72,68,86,748.00 and overstatement of "Other Current Liabilities" by Rs 1,43,30,17,196.00.</p>	
<p>B. ASSETS</p> <p>6. REF: NOTE: 6:-FIXED ASSETS Rs. 30,77,26,224.00</p> <p>6.1 The company has not classified fixed assets into tangible and intangible assets given in the Note-6 under the broad heading of "Fixed Assets" forming part of financial statements. Further, order of presentation of Fixed Assets has not been made as per the requirements of Schedule-III of the Companies Act, 2013.</p>	<p>Noted for future reference.</p>
<p>6.2 The company has not correctly reassessed useful life and residual values of different assets (both tangible and intangible) as prescribed under Part C of Schedule II of the Companies Act 2013 in case of various own assets as well as assets created out of grants right from the period commencing from 1st April 2014. The financial statement does not disclose impact over statement of profit and loss from F/Y 2014-15 in case the lower useful life of certain assets has been assessed and taken by the company in accounts for the purpose of calculation of depreciation along with justification duly supported by technical advice.</p> <p>The company has not quantified the effect of transitional provision with respect to useful life of fixed assets either in the opening balance of retained earnings or by way of charge off to statement of profit & loss where the remaining useful life is nil.</p>	<p>Depreciation has been charged as per the rate/useful life of the assets applicable as per the Companies Act in a systematic and rational basis. However the same will be reviewed and if found required, necessary entry will be made.</p>



Observation of Audit	Replies of Management
<p>Impact of non-reassessmen / improper assessment of useful lives as well as residual value of different assets over "Loss Before Subsidy" sincethefinancial year 2014-15 till date, over "Subsidy Receivable" / Advance Subsidy (Other Current Assets) as well as Fixed Assets as at 31.03.2019 has not been quantified by the company.</p>	
<p>6.3 Godown Rs. 83,55,578.00 The Company has transferred 127 numbers of old, small, unscientific, unserviceable and abandoned godowns to Co-operation Department, Government of Odisha, during the year 2017-18 though possession of those godowns are yet to be handed over. W.D.V of the godowns transferred nor depreciation charged on those godowns being old, damaged, unscientific, abandoned and not in use since the year 2017-18 have not yet been withdrawn from Accounts nor appropriate write off of Capital Reserve in the accounts has been made by the Company in respect of those godowns constructed out of Grant in Accounts. Its consequential impact over "Loss before Subsidy" for the year as well as Fixed Assets of the Company as at 31.03.2019 has not been quantified by the Company.</p>	<p>Noted for future reference. However it is decided by the Board to transfer 127 numbers of godowns to Govt. But even after a series of letters issued to Govt, the said godowns could not be handed over.</p>
<p>6.4 Value of material items of Fixed Assets retired from active use but held for disposal has not been disclosed separately in the financial statements.</p>	<p>Noted for future reference.</p>
<p>6.5 Impairment Loss:- The Company has not ascertained impairment loss in the value of Fixed Assets (Tangible & Intangible assets) in accordance with Accounting Standard-28 issued by the Institute of Chartered Accountants of India.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>7 REF: NOTE: 7.1:-NON-CURRENT INVESTMENT Rs.10,00,000.00</p> <p>7.1 It represents 1000 Equity shares @ Rs.1000.00 each invested in Share Capital of Odisha Wholesale Consumer Co-operative Federation Limited. Copy of the audited accounts of the Federation since the date of original investment has not been made available to us for verification in order to assess its net worth and profitability. In our opinion, the carrying cost of the investment is nil. Considering its permanent decline in value, the entire value of investments be fully provided for as doubtful investment in the accounts. On account of such non provision "Loss Before Subsidy" for the year is understated by Rs.10,00,000.00 and value of non-current Investment is overstated by similar amount.</p>	<p>Investment of Rs 10,00,000/- has been made on the basis of direction made by government of Odisha. Also the agency the Consumer Co-operative Federation Limited has conformed about the investment. In this circumstance providing the investment as doubtful will not be prudent as has been suggested by the auditor and only will be possible on the concurrence of GoO.</p> <p>The same is noted for future reference.</p>
<p>8. REF:NOTE:8.1:-INVENTORIES Rs.65,52,57,14,202.00</p> <p>8.1 Stock of Sugar:- Rs.4,89,395.00</p> <p>Closing stock of sugar for Rs.4,89,395.00 is being carried forward in the accounts by the company without availability of any physical stock since earlier years. Considering the nature of item and complete deterioration in quality, its realizable value is to be taken as nil.</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year as well as overstatement of Inventories by Rs.4,89,395.00 to the extent of non-provision for diminution in value of stocks and non-availability of stock with the company.</p>	<p>Noted for future reference. However communication to District has been made to know the exact status of the same so that process will be initiated to put the proposal before the management for appropriate action.</p>
<p>8.2 Valuation of Stock:-</p> <p>In accordance with the practice being followed, the Company values the stock of</p>	<p>Since subsidy is reimbursable from GoO and GoI, stock is valued on the basis of GoI advice of</p>



Observation of Audit	Replies of Management
<p>Custom Milled Rice and at MFPS and RRCs at Economic Cost of Govt. of India.</p> <p>The said Economic Cost is fixed provisionally and separately for cost of new bags used by the Govt. of Odisha and its agencies for the procurement of Custom Milled Rice (FAQ) for the Central Pool and for DCP Scheme and Custom Milled Rice procured under (FAQ) specification retained for distribution under the DCP during the KMS for the 2018-19 in respect of Govt. of Odisha & its agency etc. separately for Raw-Rice and Par Boiled Rice. The said provisional Economic Cost includes certain indirect cost like Interest Charges, Administrative Charges and Distribution Cost. <i>The basis of valuation i.e. at Economic Cost to Govt. of India both for opening stock as well as closing stock is not in accordance with Accounting standard-2 prescribed by ICAI.</i></p> <p>The company has not ascertained the impact of such inclusion of indirect cost in both Opening stock as well as Closing Stock resulting departure from Accounting standard-2 by ICAI. Its impact over Loss Before Subsidy for the year as well as inventories has not been ascertained.</p>	<p>economic cost and this practice of valuation of stock is being followed by the corporation since long.</p> <p>Considering the business the corporation is involved of paddy procurement and CMR distribution under PDS scheme of Government and for all purpose including subsidy reimbursement is considered stock value as per the economic cost finalised by them, it is prudent to consider economic cost for valuation of Custom Milled Rice, Rice at MFPS and RRCs which is being continuously followed by the corporation since long.</p>
<p>9. REF: NOTE:8.2:- TRADE RECEIVABLE Rs.7,93,88,24,589.00</p> <p>9.1 Dues from FCI: -</p> <p>More than six months:Rs. 724,82,82,095/- Less than six months: <u>Rs. 25,40,97,502/-</u> Rs. 750,23,79,597/-</p> <p>Annapurna Scheme:- Less than six months: - Rs.40,77,01,531.00</p>	



Observation of Audit	Replies of Management
<p>Against sale for Rs. 4,93,64,921.00 made under this scheme by the Company during the year, a sum of Rs.560,64,000.00 has been received resulting reduction of opening balance. Under the said scheme receivable accrues monthly to the extent rice is distributed to the beneficiaries as per the allocation of Government of Odisha.</p> <p>In respect of both the cases, dues from FCI as well as Annapurna scheme bifurcation of receivable in to less than six months and more than six months from the date they are due for payment without production of any month wise working of sales as well as debts is not correct.</p> <p>More Than Six Months (Unsecured)Others :-Rs.6,05,770.00</p> <p>It represents the amount receivable from various Government Departments and Agencies towards sale of Petrol, Oil and Lubricants continues in accounts without any recovery or adjustment and no-follow-up action for recovery has been taken by the company since earlier years. On account of non-availability of party wise/period wise details in our opinion, chances of recovery are Nil. Therefore, provision orthe doubtful receivable or write off is to be made in the accountsduring the year by the Company.</p> <p>This has resulted understatement of “Loss Before Subsidy” for the year as well as overstatement of “Trade Receivables” by Rs.6,05,770.00.</p> <p>The above year-end balance in Trade Receivable of Rs 75,50,23,79,597.00 has</p>	<p>Period wise bills raised and along with tagging of collection with monthly collection on receipt will be collected from Dist. Level/a system in our ERP system will be developed and appropriate decision between outstanding for a period exceeding six month and less than six month will be made.</p> <p>The unsecured trade receivables amounting Rs 6,05,770/- is mostly related to Govt department and agencies. We are in process of putting a proposal before the management for appropriate action.</p>



Observation of Audit	Replies of Management
<p>been derived after setting off advance received for Rs.50,31,75,331.00 against brought forward balance / receivable of Rs.800,55,54,299.00. Again in some of the districts, advances are received in spite of huge brought forward balance without any sales during the year. In some cases, sales are made without any receipt of advance during the year. In our opinion, credit balance of Rs.50,31,75,331.00 so set off should be presented under "Trade Payables".</p> <p>This has resulted understatement of Trade Payables by Rs. 50,31,75,331.00 as well as understatement of "Trade Receivables".</p>	<p>Effort is being made to obtain advance v/s dues of outstanding from FCI from each District. However regarding collection from FCI, regular meetings are made with FCI and process of collection is being expedited.</p>
<p>10. REF:NOTE:8.3:- CASH & CASH EQUIVALENTS Rs. 4,55,68,34,193.00</p> <p>10.1 Cash in Hand:-Rs.68,96,344.00</p> <p>It includes a sum of Rs.64,30,904.00 being stagnant cash balance lying the books of various district offices of the company continuing in accounts since past several years without availability of any physical cash either at the beginning of the year or at the end of the year leading to possibility of defalcation of cash. In our opinion, such stagnant cash balance not physically available either should be provided for or be written off in the Accounts In case of non-identification of person/officials responsible for the defalcation. Therefore, chances of recovery is Nil. Despite of our adverse comments made by us in our earlier reports no effective steps has yet been taken by the company.</p> <p>On account of such non-provision/ non write off in accounts, this has resulted understatement of "Loss Before Subsidy" by Rs.64,30,904.00 with an overstatement</p>	<p>The company has initiated process for recovery against the same and has also being settlement of some amount. It is expected to recover/settle the amount in full in due course, hence provision is not warranted.</p>



Observation of Audit	Replies of Management
of "Cash & Cash equivalents" by similar amount.	
<p>10.2 Cash at Banks Rs 1,65,59,44,185.00</p> <p>Bank Balances includes brought forward un-reconciled difference having total debit balance of Rs.17,36,78,465.00 and total credit balance of Rs.1,19,97,873.00 respectively representing old cheques & DDs received but not credited to bank accounts or cheques issued but not yet presented for payment but, not debited to bank accounts are still lying unadjusted in the books of different districts and head office of the company since past several years. In our opinion, there is a remote possibility of payment or adjustment or reconciliation or encashment in near future.</p> <p>On account of non-availability of relevant details in our opinion, the above balance either should be fully provided for or be written off in the accounts during the year. This has resulted understatement of "Loss Before Subsidy" for the year as well as overstatement of "Cash & Cash Equivalents" by Rs.16,16,80,592.00(Net).</p>	<p>Communication to Dist office has been initiated and process has been made to reconcile the bank. The company is also in process of identification and reconciliation of old outstanding through CA firms and due to Covid-19 the process has been delayed.</p>
<p>10.3 It includes a sum of Rs. 89,81,30,050.31 lying in Punjab National Bank Kolkata C/A 2186002100235910 as at 31.03.2019 but balance lying in the said account for Rs. 96,38,81,161.61 as at 31.03.2018 (<i>not incorporated in the books of account of the company to 31.03.2018</i>) has not been included in the bank balance of Rs. 80,26,84,578.00 for the purpose of proper comparison nor the fact of non-inclusion of bank balance as at 31.03.2018 has been suitably disclosed by way of a note.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>10.4 Fixed Deposits Rs 95,31,54,246</p> <p>Balance confirmation certificates of fixed deposits as at 31.03.2019 lying with Corporation Bank, Indian Bank, Central Bank of India and Punjab & Sind Bank covering an amount of Rs. 80,89,01,921.00 has not been made available to us for verification</p>	<p>Year-end balance conformation certificate of most of the bank has been submitted except few banks which will be collected and kept for future reference and reconciliation.</p>
<p>10.5 Punjab & Sind Bank(Flexi Account) Rs.10,00,000.00</p> <p>Interest earned for Rs. 2,75,714.00 during Financial Year 2018-19 in the S.B account has not been accounted for by the Company. This has resulted understatement of "Other Long Term Liabilities" by Rs. 2,75,714.00 representing schematic funds as well as understatement of "Cash and Cash Equivalents "as at the yearend by similar amount.</p>	<p>Necessary rectification entries will be posted in the next year accounts.</p>
<p>10.6 PunjabNational Bank Savings Flexi A/c (Kolkata-JC):- Rs.1,44,28,50,000.00</p> <p>Balance of Rs. 8,35,50,000.00 lying in Flexi Account as at 31.03.2018 (not shown in books of account) since earlier period has not been shown in the said Note-8.3 in the financial statements for the purpose of proper comparison of the figure with that of the figures relating to previous year nor the fact has been suitably disclosed by way of a note.</p>	<p>Noted for future reference.</p>
<p>10.7 Interest accrued and due on Fixed Deposit (Flexi Deposit) with Punjab National Bank Kolkata for the year 2017-18 has not been accounted for by the Company. However, the Company has accounted for interest receivable for Rs.3,52,70,932.00 on Fixed Deposit (Flexi) with Punjab National Bank, Kolkata, for the year 2018-19. again for the first time in accounts and the amount has been presented under the heading of "Other Current Assets" in</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p><i>Note-8.5</i> though interest receivable on all other fixed deposits including those represented under different schemes have been included in balance of Fixed Deposits and shown under "Cash & Cash Equivalent" given in <i>Note No. 8.3</i> implying varied practice of disclosure of account of similar nature.</p>	
<p>10.8 Balance of fixed deposit includes a sum of Rs 1,31,296.00 lying with Corporation Bank Bhubaneswar invested on 05.04.2015 for Rs 93872.00 having a maturity period of 5 years has not been suitably disclosed under the sub-head of "Other Bank Balance" again under the broad heading of "Cash & Cash Equivalents".</p>	<p>The observation is related to disclosure requirement which is being noted for the purpose of future reference.</p>
<p>10.9 Remittance In Transit:- Rs. 44,18,00,382.00</p> <p>The above balance includes a sum of Rs.29,44,74,631.00 (net of credit balance) being carried forward in accounts since past several years. Therefore, in our opinion, debit balance of Rs 31,44,74,631.00 and credit balance of Rs 2,00,00,000.00 set off against debit balance should be presented under "Other Non-Current Assets" and credit balance for Rs.2,00,00,000.00 so set off being old, dormant and un-reconciled having no chance for immediate settlement / payment or adjustment should be presented under "Other Long Term Liabilities".</p> <p>This has resulted understatement of "Cash and Cash Equivalent" by Rs. 2,00,00,000.00 with over statement of "Other Long Term Liabilities".</p>	<p>The observation by the Auditor is being noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>
<p>10.10 Outstanding Sales Proceeds:- Rs. 5,45,66,130.00</p> <p>Sales proceeds receivable from Procurement Inspectors/Marketing</p>	<p>The observation by the Auditor is being noted for future reference. However old and dormant</p>



Observation of Audit	Replies of Management
<p>Inspectors, and Sundry Debtors-OSP (Sugar), OSP (Rice), Palmoline Oil and Bankers Drafts in hand represents old, unreconciled, unconfirmed brought forward balance having no chance of realization within a period of next 12 months or operating cycle derived after setting of credit balance of Rs.4,53,227.54 shown in some sub-heads and net amount is shown under "Cash & Cash Equivalents" in accounts. Out of above balance, a sum of Rs.5,18,58,978.00 should be presented under "Other Non-Current Assets" and credit balance so set off for Rs.4,53,228.00 should be presented under "Other Long Term Liabilities" being old and dormant in nature and there is no chance of immediate settlement/payment or adjustment within a period of next twelve months or operating cycle.</p> <p>This has resulted understatement of outstanding Sales Proceeds (Other Non-Current Assets) by Rs. 5,18,58,978.00 and understatement of "Other Long Term Liabilities" by Rs. 4,53,228.00 and overstatement of cash & cash equivalents by Rs. 5,14,05,750.00 Balance amount of Rs. 36,13,608.00 should be presented under "Trade Receivables" (Outstanding for a period exceeding six months).</p> <p>Further, order of presentation given in the relevant note that is Note 8.3 of the financial statements with respect to "Cash and Cash Equivalents" is strictly not as per the disclosure requirement of Schedule III to the Companies Act, 2013.</p>	<p>accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>
<p>11. REF:NOTE:8.4:- SHORT TERM LOANS & ADVANCE Rs.42,35,62,877.00</p> <p>11.1 (i) Advance for Construction /Renovation of Godown/Office Rs.3,93,76,525.00</p>	



Observation of Audit	Replies of Management
<p>(ii) Advance for Building for(Creation of Capital Assets) <u>Rs. 4,69,81,586.00</u> Executive Engineers & BDOs Rs. 8,63,58,111.00</p> <p>Considering the nature and purpose of advance, the above advances should be presented under "Capital Advance" instead of "Short Term Loans & Advance".</p> <p>This has been resulted understatement of "Capital Advance" by Rs 8,63,58,111.00 and Over statement of "Short Term Loans & Advances" by similar amount.</p>	<p>The same is noted and will be given due effect in next year accounts.</p>
<p>11.2 Advance for NFSA Expenses:- Rs.4,78,43,196.00</p> <p>It includes substantial amount of Rs.4,58,22,877.00 being carried forward by the company since last few years in the name of BDO / ULB / DRDA / Staff including balance of Rs.1,86,53,558.00 lying in the name of CSO-Cum-D.M.s of different districts for which D.M. wise and in other cases, BDO wise / staff wise details, their present service status / period wise details along with reason of non-adjustment or non-submission of utilization certificates against unadjusted advances are not available for verification again lying unconfirmed, unreconciled and unadjusted.</p>	<p>The communication to concern District has been initiated and has been suggested to do the necessary adjustment with proper document backup and if not adjusted then process for needful recovery of the same to be initiated.</p>
<p>11.3 Advance for SFSS Expenses:- Rs. 3,51,42,651.00</p> <p>Advance for Rs. 3,62,49,181.00 against SFSS Programme have been have been given to BDOs, Executive Officers of ULB, ACSO, DRDA, Marketing Inspectors, Municipality Commissioner and Deputy Commissioners of Municipalities during the year against which only a very nominal adjustment of Rs. 11,06,530.00</p>	<p>The communication to concern District has been initiated and has been suggested to do the necessary adjustment with proper document backup and if not adjusted then process for needful recovery of the same.</p>



Observation of Audit	Replies of Management
<p>have been made leaving an unadjusted advance of Rs. 3,51,42,651.00 as at the year end.</p> <p>As the company does not strictly follow accrual basis of accounting the extent of provision / adjustment / required to be made with respect to "Advances for NFSA Expenses" and "Advances for SFSS Expenses" in accounts during the year against such huge advances paid. Its consequential impact over "Loss Before Subsidy" for the year as well as "Short Term Loans & Advances" could not be ascertained and commented by us.</p>	
<p>11.4 Security Deposits:-Rs. 2,04,68,776.00</p> <p>The above amount deposited with BPCL/HPCL/Other parties by the Company mostly in connection with running of gas/cylinder business and with all other business is not supposed to be discontinued within a period of next 12 months or operating cycle nor has a chance of immediate refund or liquidity. Considering its nature and purpose, it should be presented under "Long Term Loans & Advances" (Non-Current Assets) instead of "Short Term Loans and Advances".</p>	<p>Noted for future reference.</p>
<p>11.5 Advance to Employees:- Rs. 9,50,41,412.00</p> <p>It includes brought forward advance of Rs.9,46,50,514.00 after set of credit balance of Rs.2390472.00 lying in the name of different staff, for various purposes like Temporary expense, Festival ,Medical, Traveling, Expense and P-Pass Expense remaining unadjusted/unrecovered since past several years</p> <p>Further it includes substantial amount in the name of CSO-cum-D.M. for Rs.2,19,88,631.00 further including</p>	<p>The communication to concern District has been initiated and once the fact of the matter is received from the concern Districts, proposal will be submitted to management to take appropriate action.</p>



Observation of Audit	Replies of Management
<p>Rs.14121220.00 in the name of CSO cum DM, Sonapur district against P.PASS expense brought forward and Rs.2,58,63,576.00 in the name of Sales Assistants -cum-Godown Assistants. It is observed that no festival advance has been paid by Kandhamal district during the year. Similarly huge advances are remaining unadjusted against Travelling Expenses (including Rs 27,49,853.00 by Head office)</p> <p>Further present status of employment of those employees with the Corporation has not been informed to us. In absence of fullest information on reason of non-adjustment/ non-recovery <i>we are unable to ascertain its impact over "Loss Before Subsidy" for the year as well as over "Short Term Loans and Advances"</i></p> <p>A sum of Rs.3,21,620.00 has been recovered against House Building Advance from staff for which opening balance of advance is not available in accounts and not transferred to income for the year .</p> <p>This has resulted overstatement of "Loss Before Subsidy" by Rs.321620.00 and understatement of "Short Term Loans and Advances" by similar amount.</p>	
<p>11.6 Advance for Legal & Professional Fees Rs. 6,90,750.00</p> <p>In addition to brought forward unadjusted advance of Rs 1,89,450.00, a sum of Rs 5,01,350.00 given during the year including that of Rs. 4,75,000.00 paid to an Advocate in connection with CONTC cases filed before Hon'ble Supreme Court of India and Rs. 20,000.00 to a Chartered Accountant and Rs. 6,300.00 to an advocate for different professional services lying unadjusted due to non-submission of bills</p>	<p>The same will be examined and appropriate action will be taken in next year accounts.</p>



Observation of Audit	Replies of Management
<p>by the parties though services have already been rendered by them to the Company during the year.</p> <p>This has resulted understatement of "Loss Before Subsidy" by Rs 5,01,300.00 and overstatement of "Short Term Loan & Advances" by similar amount.</p>	
<p>11.7 Advance to FS & CW Deptt:- Rs. 8,70,166.00</p> <p>A sum of Rs.17,20,166.00 vide Cheque No. 536615 dt. 20.01.2018 for Corporation Bank, Bhubaneswar was drawn in favour of DDO, FS & CW Department for purchase of a new TOYOTA Innova Car for official Use of Commissioner-cum-Secretary to Government FS & CW Deptt. (Vide letter dt. 24.01.2018 issued by General Manager (Technical) to the Deputy Secretary to Government, FS & CW Deptt. Odisha, Bhubaneswar. Amount of Rs 8,70,166.00 was paid out of administrative charges by the company and the FS & CW Department has already paid Rs 8,50,000.00 for purchase of the vehicle but balance amount is not recoverable from the department but, has not been adjusted as administrative expense by the company.</p> <p>This has resulted understatement of "Prior Period Expense" by Rs. 8,70,166.00 with overstatement of "Short Term Loans & Advances" by similar amount.</p>	<p>The same will be examined and if found necessary, needful adjustment entry will be made in next year accounts.</p>
<p>11.8 Advance Recoverable from CWC, Junagarh Rs. 13,83,171.00</p> <p>The above amount is receivable from CWC, Junagarh, towards revised claims for carrying cost and differential cost of damaged CMR disposed of by the company through tender process in terms of letter no.2269 dt.28/5/18 issued by</p>	<p>The same will be examined and if found prudent then needful adjustment will be made in next year accounts.</p>



Observation of Audit	Replies of Management
<p>CSO, Kalahandi to the M.D. of the Company.</p> <p>Similarly, a sum of Rs.19,64,159.00 is payable to CWC,Junagarh by Kalahandi district towards Godown Reservation Charges for the period from August 2017 to March 2018. The above Receivable is adjustable against Reservation Charges Payable which was provided for in the accounts during F/Y 2017-18but without adjustment of above advance.</p> <p>This has resulted understatement of "Prior Period Expense" by Rs.19,64,159.00 as well as understatement of "Loss Before Subsidy "by Rs 580,980.00 and overstatement of Short Term Loans & Advances by Rs 13,83,171.00.</p>	
<p>11.9 In respect of Short Term Loans and Advances, the balances includes brought forward advances of Rs.22,63,80,762.00 in different subheads as described above remaining old, dormant, unreconciled and unconfirmed having a remote chance of recovery or adjustment within a period of next 12 months or operating cycle and it should be presented under "Long Term Loans and Advances" (Non-Current Assets) instead of "Short Term Loans and Advances".</p> <p>Similarly, It includes old, stagnant, dormant, unreconciled and unconfirmed liabilities of Rs 1,25,33,115.00 in different subheads carried forward in accounts since past several years for which party wise period wise details not available for verification and set off against such unreconciled advances having no chance of payment or settlement within in a period of next 12 months or operating cycle , should be presented under "Other Long Term Liabilities" instead of netting of</p>	<p>The observation by the Auditor is being noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>



Observation of Audit	Replies of Management
<p>against "Short Term Loans and Advances".</p>	
<p>12. REF: NOTE:8.5:- OTHER CURRENT ASSETS Rs. 48,76,91,16,005.00</p> <p>12.1 Amount Receivable from SRC Rs. 1,13,24,503.00</p> <p>It includes brought forward unreconciled balance of Rs.12,43,520.00 shown as receivable from SRC.In addition to above, the company shows a balance recoverable of Rs.1,00,80,983.00 as at 31.03.2019.</p> <p>Refer to letter no. 4337 dt. 26.02.2020 and letter no 2369 dt 04.02.2020 of FS & CW Dept and letter dt 11.02.2020 by the Company along with utilization certificate relating to Titili 2018 submitted wherein it is stated that:-</p> <p>The company has received a sum of Rs. 20,31,49,630.00 from Govt. towards cost of rice and other relief materials supplied by the company to the people affected by cyclone storm Titili 2018.Cost of Rice 67791quintals @ Rs. 2937.91 per quintal with transportation charges, handling charges and retailers margin to the extent of Rs. 88,39,180.00 thus aggregating to Rs. 20,80,03,027.00 Further, the company has also supplied chuda, gud, candles and match box to Gajapati district for relief distribution.The cost of these materials and other incidental expenditure incurred was reported to be under collection and reconciliation with the supplying district of the Company.The final bill will be submitted to SRC after such reconciliation is completed (Ref: utilization certificate dt. 07/03/2020) and the balance may undergo a change only after submission of final bill and completion of reconciliation. Claims figures as</p>	<p>The unreconciled and unaccounted amounts observed by the auditor will be examined and needful adjustment will be made if needed.</p>



Observation of Audit	Replies of Management
<p>appearing in books of company for Rs 10080983.00 has not been reconciled with utilization certificate so furnished dated 07.03.2020 to SRC.</p>	
<p>12.2 Advances to Suppliers (Goods) Rs 83,12,18,597.00 It includes Advances to FCI for various items like Rice, Wheat, Sugar SRM for Rs. 75,06,20,236.00 are subject to confirmation and reconciliation. Substantial portion of the advances are being carried forward from earlier period as old, dormant, stagnant and having a remote chance of recovery or adjustment within a period of next 12 months or operating cycle, which should be presented under "Long Term Loans and Advances" (Non-Current Assets)</p>	<p>The observation by the Auditor is being noted for future reference. However the matter is being taken up with FCI at HO Level & appropriate effect will be given in accounts once relevant information is available.</p>
<p>12.3 Advances to Others Rs 31,31,726.00 It includes a sum of Rs 25,43,700.00 paid towards "Advances to R&B for Capital Storage" is to be presented under "Capital Advance" considering its nature, purpose instead of "Other Current Assets". This has resulted understatement of "Capital Advance" by Rs. 25,43,700.00 and overstatement of "Other Current Assets" by similar amount.</p>	<p>The observation by the Auditor is noted for future reference and will be given effect in next year accounts.</p>
<p>12.4 (i) TC on Paddy Receivable from FCI Rs. 2,46,48,76,178.00 (ii) TC on CMR Receivable from FCI Rs. 1,44,75,80,330.00 (iii) Sugar Claim Receivable from FCI Rs. 4,41,70,94,888.00 The above balance are subject to confirmation and reconciliation. Considering the nature of dues and poor recovery/non-recovery and substantial amount being old, dormant, un-reconciled and unconfirmed in our opinion, the</p>	<p>The observation by the Auditor is being noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>



Observation of Audit	Replies of Management
<p>balance should be presented under “Long Term Trade Receivable” (Other Non-Current Assets) instead of “Other Current Assets”.</p> <p>This has resulted understatement of “Long Term Trade Receivable” (Other Non-Current Assets) by Rs 4,41,70,94,888.00 with overstatement of “Other Current Assets” by similar amount.</p>	
<p>12.5 Advance To DGSD, Gunny:- Rs. 2,37,19,917.00</p> <p>A sum of Rs 14,00,00,000.00 was received against brought forward outstanding balance of Rs 16,37,19,917.00 only after Joint final reconciliation with the Company is made and agreed. Thus the above amount is irrecoverable but has not been written off in accounts.</p> <p>This has resulted understatement of “Loss Before Subsidy” for the year by Rs 2,37,19,917.00 with overstatement of “Other Current Assets” by similar amount on account of such non-write off.</p>	<p>The same need further examination before proposing to management for write off. We are in process of examination before putting a proposal before the management for appropriate action.</p>
<p>12.6 Advance to Suppliers (Services) Rs. 45,80,25,709.00</p> <p>Advance To Transport Contractor (Level-I): Rs. 2,22,64,457.00</p> <p>It includes brought forward stagnant unreconciled balance of Rs.1,47,64,457.00 for which party wise / period wise details are not available for verification, again lying dormant and stagnant.</p>	<p>The observation by the Auditor is noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>
<p>12.7 Advance of Transport Contractors-(State Level):- Rs. 65,00,000.00</p> <p>A sum of Rs.58,28,601.00 payable to M.J. Road lines towards Transportation Charges on CMR for the year 2017-18 by the Company. This has resulted understatement of “Prior Period Expense”</p>	<p>No comments</p>



Observation of Audit	Replies of Management
<p>for the year by Rs.58,28,601.00 as well as overstatement of "Loss Before Subsidy" by similar amount.</p>	
<p>12.8 Advance to Transport Contractors-Gunny Bales:- Rs. 10,00,000.00</p> <p>It includes a sum of Rs. 12,37,051.00 Payable towards transport charges on Gunny for the year 2017-18 to M/s. M.J. Roadlines against which a sum of Rs. 10,00,000.00 was already given as an advance during F/Y 2017-18 but erroneously shown under "Advance to Transport Contractor-Level-I" during that period but at the time of recovery again the advance paid was credited to "Advance to Transport Contractor (Gunny Bales)" without opening balance thus showing credit balance.</p> <p>This has resulted understatement of "Prior Period Expenses" by Rs. 12,37,051.00 and over statement of "Loss Before Subsidy" by similar amount.</p>	<p>The same will be examined and needful rectification will be made if found required, necessary entry will be made in next year accounts.</p>
<p>12.9 Dues from CSO: Rs.2,49,713.00 Dues From- Sales Assistants Cum. Godown Assistants <u>Rs. 20,31,451.00</u> Rs.22,81,164.00</p> <p>These balances are lying old, stagnant, unreconciled, unconfirmed unrecovered and carried forward in accounts since past several years. Staff wise / period wise details are not available for verification. Present employment status of those staff are also not available with the Company. <i>Amount required to be set off against liabilities to CSO or Sales Assistants Cum Godown Assistants could not be ascertained.</i> Therefore in our opinion, the amount should be presented under "Long Term Loans & Advances" (Non-Current Assets) <i>In absence of detailed information, to what extent</i></p>	<p>The observation by the Auditor is noted for future reference. However communication to concern District has been initiated and once the fact of the matter is received from the concern Districts, proposal will be submitted to management to take appropriate action.</p>



Observation of Audit	Replies of Management
<p><i>provision for doubtful dues or write off is required to be made in accounts. Could not be commented.</i></p>	
<p>12.10 Misappropriation of Stock Value Receivable: -Rs. 1,79,48,16,086</p> <p>We have gone through a party wise detailed statement of Misappropriation of Stock/ Shortage Receivable as at 31.03.2019 furnished by the company for our verification. It is observed that, in some cases excess amount of Rs 4,29,97,945.00 was received from different millers of different districts wherein either receipts are more than recoverable or payable and have been credited to the account of different Millers in this account showing credit balance ultimately and set off against debit balances of other parties shown under "Misappropriation of Stock and Shortage Receivable". Further, accounts of those millers have not been reconciled or confirmed for which period wise shortage, nature and details of such receipt and reason of showing credit balance has not been explained to us. In our opinion, credit balance of Rs. 4,29,97,945.00 so set off should be presented under "Other Long Term Liabilities"</p> <p>This has resulted understatement of "Other Current Assets" by Rs. 4,29,97,945.00 as well as "Other Long Term Liabilities" by similar amount.</p> <p>On the basis of a party wise statement of approved Special Audit Reports of different millers during the year 2018-19 produced before us by the Company for our verification, it is observed that, amount of Rs. 1,03,04,303.54 is recoverable from M/s. Ganapati Par Boiling (P) Ltd, Bhadrak against KMS 2015-16,</p>	<p>Since the recovery process for most of the cases are pending at different level and forums, no provisions for doubtful debts have been made. However process has been initiated to verify and examine each case separately and needful accounting effects will be given if needed.</p>



Observation of Audit	Replies of Management
<p>M/SSinghasini Rice Mill, Ganjam, M/SSubhas Rice Mill,Ganjam, M/SMaa Kali Rice Mill, Ganjam,M/S Mahaveer Rice Mill,Ganjam all against KMS 2012-13 and M/SKalisundari Rice Mill, Nabarangpur. An amount of Rs. 10,95,897.00 is shown as payable to M/s. JDS Agro Industries Pvt. Ltd, Bhadrak but as per accounts, a sum of Rs. 10,10,073.00 has already been refunded to JDB Agro Industries Pvt. Ltd (belonging to same concern) on dt. 14.02.2019 through Union Bank of India, Bhadrak but <i>erroneously shown in the statements</i> as payable. Further a sum of Rs. 62,434.68 is shown as payable to M/s. Meeracle Ashwathe Rice Mill, Mayurbhanja, which has neither been confirmed nor reconciled with the books of account of the Company.</p> <p>Further in the statement, a credit balance of Rs. 1,71,870.00 shown from "Other Millers" Rs. 8,91,476.00 towards "Shortage Value Recoverable", Rs. 9,96,559.15 towards MFPS Cash (Malkanagiri) and Rs 48,23,026.00 towards RRC (Special Audit) <i>for which party wise / period wise details and reason of non-recovery has not furnished to us for verification.</i></p> <p>Further balance as at 31.03.2018 and 31.03.2019 shown in the statement do not agree with that of the balance shown under this head in the accounts.</p> <p>(I) <u>Kalinga Agricultural Private Limited</u> It is observed that,a sum of Rs. 3,36,72,123.00 is shown as receivable from the above party whose whereabouts is not known and no legal or certificate case is being filed by the Company till date . In our opinion, the amount is irrecoverable and the amount should be fully provided</p>	



Observation of Audit	Replies of Management
<p>for in the accounts as doubtful receivable or written off during the year.</p> <p>(II) <u>MaaCharchika Foods Pvt. Ltd.</u> A sum of Rs 158,23,017.00 is shown as recoverable from the above party as at 31.03.2019 as per accounts after consideration of deposit of Rs. 76,12,840.00 (including Rs. 6,12,840.00) on 09.04.2018) during the period from 12.02.2018 to 09.04.2018 by Cuttack district against demand of Rs. 1,12,83,141.00 made by the company towards balance amount of shortage value and interest there on as per case filed under OPDR Act. Directors of the company have prayed for exemption of the entire interest amount charged for Rs. 36,70,301.00 thereon (Ref. letter No. 2381 dt. 13.04.2018) issued by CSO-Cum-DM, OSCSC Ltd, Cuttack forwarded to head office for their consideration. <i>However status of accounting or waiver of such differential demand towards interest for Rs. 36,70,301.00 has not been informed to us.</i></p> <p>In our opinion, the amount is irrecoverable and should be fully provided for as doubtful receivable in the accounts during the year.</p> <p>This has resulted understatement of "Loss Before Subsidy" by Rs. 4,94,95,140.00 and overstatement of "Other Current Assets" by similar amount.</p> <p>Amount receivable from various millers as shown by Legal Deptt of the Company do not agree with that of the figures appearing in the books of accounts may be due to application of interest and penalty or other charges recoverable shown in legal deptt. but not shown in accounts and due to uncertainty in realization of such amount when there is no recovery of</p>	



Observation of Audit	Replies of Management
<p>amount of misappropriated stock/shortage and in view of poor recovery and pending legal cases in almost all the cases.</p> <p>Therefore, it is not appropriate to treat the entire balance outstanding as good and recoverable and present the amount recoverable as “Other Current Assets” without making any realistic assessment on a periodic basis so as to make required provision for doubtful receivable or write off as the case may be.</p> <p>In view of non-realistic assessment of recoverable amount by the Company on case to case basis, we are unable to comment to what extent the amount is required to be provided as doubtful receivable or write off in the accounts. Therefore, in our opinion, the amount outstanding up to 31.03.2017 for Rs 1,61,90,09,785.00 should have been presented under “Other Non-Current Assets”.</p> <p>This has resulted understatement of “Other Non-Current Assets” by Rs. 1,61,90,09,785.00 and overstatement of “Other Current Assets” by similar amount.</p>	
<p>12.11 Shortage Receivable from CWC/OSWC Against Cost of Damaged Stock: Rs. 15,15,73,415.00</p> <p>In terms of letter no. 4254 dt. 16.03.2020 by Managing Director of the Company, a sum of Rs. 9,84,39,160.00 and Rs. 5,31,34,255.00 is recoverable from CWC & OSWC towards cost of damaged Stock (CMR) during the KMS 2010-11 to KMS 2013-14 respectively has been accounted for by the Company, though not received during the year and credited to Prior Period Expense but not adjusted against outstanding godown rent payable both to</p>	<p>No comments.</p>



Observation of Audit	Replies of Management
<p>CWC & OSWC Ltd . Further status of acceptance of the claim amount by CWC & OSWC Ltd has not been informed to us. Position of outstanding of godown Rent payable both to CWC & OSWC Ltd by the Company against defaulting godowns having default of recoverable and the extent of damaged stock was accounted for in the company in the year of occurrence has also not been ascertained by the Company and not commented by us. Further to what extent it was reflected in the quantitative details (stock register) during the KMS 2010-11 to 2013-14 has also not been informed to us. Apart from above, huge old and dormant advances of Rs 4,20,25,468.00 is lying with OSWC remains unadjusted/unrecovered and unreconciled.</p>	
<p>12.12 National Savings Certificate (NSC):- Rs. 1,25,200.00</p> <p>The above amount represents investment in N.S.C made by the company during earlier period against which full particulars like date of investment, purpose of investment, period of maturity, reason of non-encashment and reason of non-recognition of interest accrued during the period are not available on record with the Company for our verification again identified as old, dormant and unreconciled by the Company. In our opinion, the amount should be written off in Accounts.</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs.1,25,200.00 with corresponding overstatement of "Other Current Assets" by similar amount.</p>	<p>The observation by the Auditor is noted for future reference. The same will be examined before proposing to the management for appropriate decision.</p>



Observation of Audit	Replies of Management
<p>12.13 TDS Receivable:- (Income Tax) Rs. 2,54,18,114.00</p> <p>TDS Receivable Account includes a sum of Rs. 85,69,970.00 lying in the books of Baragarh old, dormant, un-reconciled and un recoverable. Further this account has not been reconciled with the Income Tax return filed by the Company from time to time. It includes a sum of Rs. 50,68,632.00 towards refund claimed in Income Tax return by the Company for Assessment year 2018-19. Out of which only a sum of Rs. 41,21,502.00 has been accounted for as TDS Receivable in the books of account of the Company. Against above refund claim, only refund for Rs. 36,96,516.00 was allowed at the time of assessment by the department. The Company was liable to pay Rs. 14,75,026.00 including interest on income tax for Rs. 1,02,910.00 as per the Assessment order passed U/s. 143(3) of the Act dt. 20.04.2021. Excess receivable for Rs. 4,24,986.00 appearing in Accounts under this head has not been written off nor interest payable on income tax for Rs. 1,02,910.00 has not been provided for in the Accounts during the year.</p> <p>Similarly, the Company had made an excess erroneous claim of TDS of Rs. 35,62,553.00 for the Assessment year 2019-20 based on its provisional accounts for the period against which the Company was liable to pay Rs. 35,02,440.00 towards income tax after adjustment of interest due U/s. 244A of Rs.60,113.00 vide order passed U/s. 154 of the Income Tax Act, 1961 dt.06.11.2020.</p> <p>However excess receivable amount appearing in accounts for Rs. 1,24,97,396.00 for both for the Assessment</p>	<p>The TDS receivable as well as payable is under examination and will be reconciled and needful entry will be passed at the earliest.</p>



Observation of Audit	Replies of Management
<p>years 2018-19 and 2019-20 has neither been written off in accounts nor interest payable for Rs. 1,02,910.00 relating to Assessment year 2018-19 has been provided for in the Accounts of the Company during the year. This has resulted understatement of "Loss Before Subsidy" by Rs. 1,26,00,306.00 as well as Other Current Liabilities by Rs. 1,02,910.00 and overstatement of "Other Current Assets" by Rs. 1,24,97,396.00.</p>	
<p>12.14 GST Receivable From Jute Comissioner, Kolkata Rs.1,06,42,287.00</p> <p>A sum of Rs3,61,73,832.04 has been deposited under IGST, CGST & SGST from Gunny suppliers vendor through jute smart by the company during the month of April 2019 against GST dues for the year 2018-19 against which a sum of Rs 2,55,31,545.00 has been refunded by Jute Smart Credited through Punjab National Bank Kolkata during the year. The balance receivable amount for Rs 10,642,287.00 has not been accounted for by the company during the year.</p> <p>This has resulted understatement of "Other Current Assets" by Rs 1,06,42,287.00 as well overstatement of "Loss Before Subsidy" for the year by similar amount.</p>	<p>The observation made by the auditor is under process of examination and due entry will be made in next year accounts.</p>
<p>12.15 In respect of "Other Current Assets" balance includes brought forward debit amount of Rs.41,45,23,03,996.00.00 in different subheads presented under "Other Current Assets" being old, stagnant, dormant, un-reconciled and unconfirmed having no chance of realization or adjustment within a period of next 12 months or operating cycle. should be presented under "Long Term Loans and Advances" (Non-Current Assets). Similarly, It includes stagnant,</p>	<p>The observation by the Auditor is noted for future reference. However old and dormant accounts are being analysed by the CA firm engaged for reconciliation. The accounting effect of the same will be given after finalisation of the report.</p>



Observation of Audit	Replies of Management
<p>dormant unreconciled and unconfirmed credit balances of Rs 20,49,44,15,257.00 in different subheads carried forward in Accounts <i>since past several years for which party wise/period wise details are not available for verification</i>, having no chances of payment or settlement within a period of next 12 months or operating cycle. again setoff against "Other Current Assets" should be presented under "Other Long Term Liabilities" instead of showing under "Other Current Assets".</p> <p>This has resulted understatement of "Long Term Loans and Advances" (Non-Current Assets) by Rs. 41,45,23,03,996.00as well as "Other Long Term Liabilities" by Rs. 20,49,44,15,257.00 and overstatement of "Other Current Assets" by Rs 20,95,78,88,739.00</p>	
<p>C. STATEMENT OF PROFIT & LOSS:- 13. REF: NOTE:9:-REVENUE FROM OPERATION Rs. 35,46,52,73,037.00 Sales of Kerosene oil and sales of gas items have been accounted for on cash basis without appropriate disclosure with respect to basis of accounting.</p>	<p>Noted. Appropriate disclosure will be made in next year accounts.</p>
<p>14. REF: NOTE:10:- OTHER INCOME Rs. 178,67,64,872.00 14.1 Shortage Value Rs. 4,77,03,874/- It includes a sum of Rs. 1,41,08,866.00 recovered from three different millers at different rates such as Rs 1621.42, Rs. 1621.48, and Rs. 1781.15 per quintal towards mis-appropriated / shortage quantity pertaining to different KMS and shown on accrual basis but not credited to Misappropriation of stock shortage recoverable during earlier period. Particulars of shortage, basis of assessment of recoverable and reason of charging</p>	<p>This includes earlier years of stock shortage of different years KMS. If necessary, appropriate adjustment entries shall be made in next year's account after due examination.</p>



Observation of Audit	Replies of Management
different rates has not been furnished to us.	
<p>14.2 Interest Received on Bank on Deposits Rs 10,07,19,841.00</p> <p>Interest received includes interest on Fixed Deposit with Punjab National Bank, Kolkata (Flexi Deposit) for Rs. 3,88,33,485.00 for the year 2018-19 remaining unconfirmed and unreconciled. Further, interest accrued on the fixed deposit with the same bank for the year 2017-18 has not been shown in accounts during that period. The fact of non-accounting of accrual of interest during the financial year 2017-18 and has not been appropriately adjusted against receipt of interest during the year 2018-19 suitably nor disclosed. Its impact over statement of profit & loss for the year and "Other Current Assets" has not been ascertained.</p> <p>Further, Interest Received on Short Term Deposits for Rs. 6,15,08,081.00 includes a sum of Rs. 16,39,105.00 comprising of interest of Rs. 1,75,586.00 on deposit with Corporation Bank, interest of Rs. 6,27,752.00 on deposits with Indian Bank (Market Intervention Fund) and interest of Rs. 8,35,767.00 on deposits with UCO Bank, (Market Intervention Fund) respectively towards interest accrued during earlier period but not suitably accounted for nor adjusted.</p> <p>This has resulted understatement of "Prior Period Expense" by Rs 16,39,105.00 and overstatement of "Loss Before Subsidy" for the year by similar amount.</p> <p>Further, interest earned/accrued on Short Term Deposits with Corporation Bank, UCo Bank, Punjab National Bank, Central Bank of India and Punjab & Sind Bank</p>	<p>Confirmation of Interest accrued for the year 2018-19 as well as interest received for the year will be requested to the bank. After examination if any short/excess in interest accrued is found, will be duly adjusted in the next year accounts.</p> <p>The matter will be examined. Appropriate entry if required will be passed in the next year accounts.</p> <p>Effort will be made to obtain yearend balances conformation in respect of interest earned/interest accrued for the year as well as ITDS for the year 2019-2020.</p>



Observation of Audit	Replies of Management
<p>along with Income Tax deducted at sources there from during the year are subject to confirmation and reconciliation.</p>	
<p>14.3 Bank Charges Rs. 24,18,203.00 It includes a sum of Rs. 1,07,560.00 paid towards bank charges setoff against bank charges Rs 25,25,763.00 received or credited relating to earlier year for Rs. 25,25,763.00 in the nature of Prior Period Income. This has resulted understatement of "Finance Cost" by Rs. 1,07,560.00 as well as "Prior Period Income" by Rs. 25,25,763.00 with understatement of "Loss Before Subsidy" for the year by Rs. 24,18,203.00.</p>	<p>Noted for future reference. Care will be taken to segregate and disclose bank charges separately instead of setoff.</p>
<p>14.4 Certain income like shortage value received from Transport Contractors from Rice, Wheat, from Godown Rent (OSWC / CWC), Employees and others, cost of new gunny recovered, and recovery of Gunny cost and sale of empty bags has been accounted for cash basis without appropriate disclosure with respect to basis of accounting on these items.</p>	<p>Noted for future reference. Proper disclosure if accounted on cash basis will be made in next year accounts and onwards.</p>
<p>14.5 Sale of Damaged (CMR Rice and Wheat) Rs.41,84,536.00 The entire amount of Rs 41,84,536.00 represents claim to Special Relief Commissioner(SRC) towards supply of damaged CMR and wheat and transport charges and other incidental charges in TITLI Cyclone occurred during the year without giving due effect of stock transfer in the quantitative details of stock. The sale and all other charges for the year are subject to reconciliation. Claim made by the Company to SRC includes Rs. 88,39,180.00 towards transport charges, handling charges and retailers margin, which does not appear to be accounted for</p>	<p>The unreconciled amounts observed by the auditor will be examined and needful adjustment will be made if necessary.</p>



Observation of Audit	Replies of Management
<p>during the year. Still there is a discrepancy of Rs. 46,54,644.00. The discrepancy is stated to be under reconciliation.</p>	
<p>14.6 Administrative Charges Rs. 17,64,381.00</p> <p>It includes a sum of Rs 14,37,813.00 being administrative charges @ 3% on sale value of Rs. 4,79,27,108.00 rice under Annapurna Scheme has been recognized as income during the year without any corresponding income shown under the head in the accounts of year ending 31st March, 2018. The reason of non-accounting in earlier year has neither been explained to us nor suitably disclosed in accounts.</p>	<p>No comments.</p>
<p>14.7 Insurance in Paddy Rs. 1,45,69,060.00</p> <p>It includes a sum of Rs. 1,41,59,410.00 being refund received against excess premium paid by the company to National Insurance Company Ltd for the year 2017-18, which should have been charged to Prior Period Income.</p> <p>This has resulted overstatement of "Loss Before Subsidy" by Rs. 1,41,59,410.00 and understatement of "Prior Period Income" by similar amount.</p>	<p>No comments.</p>
<p>15. REF: NOTE:13:-TRADE EXPENSES:- Rs.399,9953,585.00</p> <p>15.1 Transportation on Rice for Level-II Rs. 44,82,30,049.00</p> <p>In spite of non-payment /less payment of Transport charges by certain districts like Angul, Kandhamal, Keonjhar, Nabarangpur and Sonepur excess adjustment of Rs. 2,39,99,977.00 against earlier year's expenses (apart of total adjustment of Rs. 19,65,41,635.35) than payments has been made during the year by the Company.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>This has resulted understatement of "Loss Before Subsidy" by Rs 2,39,99,977.00 as well as understatement of "Trade Payables" by similar amount.</p>	
<p>15.2 Transport Charges on Wheat for Level-I Rs. 9,34,21,583.00</p> <p>In spite of non-payment /less payment of Transport charges by certain districts like Bargarh, Kandhamal, Keonjhar and Nuapada excess adjustment of Rs 1193035.00 for earlier year's expenses than payment has been made in accounts. This has resulted understatement of "Loss Before subsidy" by Rs. 11,93,035.00 with understatement of "Trade Payables" by similar amount.</p>	<p>Noted for future reference.</p>
<p>15.3 Retailer's Margin Rs. 51,54,27,178.00</p> <p>This is accounted for on cash basis by the company during the year without appropriate disclosure on basis of accounting.</p>	<p>Noted for future reference. Proper disclosure of such deviations will be made in next year accounts.</p>
<p>15.4 Godown Rent Rs. 71,42,65,679</p> <p>15.4.1 Godown Rent of the company shown at Rs. 71,42,65,679.00 for the year 2018-19 has already been almost doubled in relation to Godown Rent for Rs 35,32,13,733.00 shown against the year 2017-18. Though the Company has submitted a statement from the relevant Godown dealing section of the Company showing an estimated annual storage charges or godown rent under different arrangements for Rs. 67,94,05,512.00 but, the Company has not reconciled the amount shown in the accounts with that of the amount shown in the statement furnished.</p>	<p>Noted for future reference. However communication has been made to District to do the necessary examination and reconciliation before adjustment if necessary.</p>
<p>15.4.2 In spite of adverse comments made by C.A.G on the accounts for the year 2017-18, the Company has not provided for an amount of Rs. 2,59,33,063.00 towards</p>	<p>Details of needful Godown rent entries have been made and has also been shown to C&AG during the supplementary audit of FY 2018-19.</p>



Observation of Audit	Replies of Management
<p>Godown Rent (Storage & Preservation Charges) for the year 2017-18, in respect of PEG Godowns, OSWC, FCI & CWC (PEG) of some districts in the accounts during the year 2018-19, appropriate entries has not been passed by the Company to this effect. But, the Company has replied that, the same has already been paid during the year but such payment made during the year could not be linked by us with the outstanding amounts as covered in CAG comments.</p>	
<p>15.4.3 Godown Rent (CWC) Rs. 12,64,75,194.00</p> <p>Payment of Godown Rent for Rs. 2,32,61,179.00 includes a sum of Rs. 62,54,455.00 paid towards Storage Charges, Weighment Charges and GST on Weighment Charges in respect of Kokasaragodown (Kalahandi district) for the period from August 2017 to March 2018 but, the same has neither been adjusted against outstanding Godown Rent Payable nor adjustment has been made against earlier year's expenses. This has resulted overstatement of "Loss Before Subsidy" for the year by Rs. 62,54,455.00 as well as understatement of Prior Period Expense by similar amount.</p>	<p>The observation of auditor will be examined and needful entry if necessary will be made.</p>
<p>15.4.4 Godown Rent (OSWC) Rs. 11,89,69,561.00</p> <p>Payment for Rs. 18,43,161.00 by Puri district during the year includes a sum of Rs. 1,16,290.00 towards storage charges of OSWC for the year 2017-18 but, has not been adjusted against outstanding Godown Rent Payable or no adjustment has been made against earlier year's expense. This has resulted overstatement of "Loss Before Subsidy" for the year by Rs.</p>	<p>No comments.</p>



Observation of Audit	Replies of Management
1,16,290.00 as well as understatement of "Prior Period Expense" by similar amount.	
<p>15.4.5 Godown Rent (OSWC) Rs 1,18,96,956.00</p> <p>Storage Charges on Actual Utilisation Basis (AUB) for the period from August 2017 to September 2018 for Rs.1,72,15,225.00 (Rs. 98,37,271.00 up to March, 2018) though paid by Nayagarh District (Ref: letter of requisition no. 720 dt. 11.02.2019 by D.M. Nayagarh) is <i>not found in Accounts</i>. Similarly, Storage Charges payable for the period from January 2019 to March 2019 has also not been quantified by the said district. Further, a sum of Rs. 25,80,000.00 paid as advance for the period from October 2018 to December 2018. shown under Advances against Godown Rent (Godown Lessors) under the broad heading of "Other Current Assets" (Note-8.5) remains unadjusted.</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 99,57,954.00 and understatement of Other Current liabilities by Rs. 1,72,15,225.00 and overstatement of "Other Current Assets" by Rs. 25,80,000.00.</p>	<p>Noted for future reference. The same will be verified and if not accounted for will be accounted for in next year's account.</p>
<p>15.4.6 Godown Rent (PEG) Rs. 4,71,09,986.00</p> <p>A sum of Rs. 1,55,46,250.00 is payable by the Company towards Godown Rent (PEG) constructed under VGF scheme for the year as against which a sum of Rs. 22,19,140.00 has only been provided for by Kendrapada district only and balance amount of Rs. 1,33,27,110.00 has not been provided for in the accounts of the Company during the year.</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 1,33,27,110.00 as well as understatement of "Other Current Liabilities" by similar amount.</p>	<p>Noted for future reference. The same will be verified and if not accounted for will be accounted for in next year's account.</p>



Observation of Audit	Replies of Management
<p>15.4.7 Godown Rent (OSWC) Rs 1,18,96,956.00 Advance of Rs. 12,90,000.00 paid by Deogarh district and Rs. 18,06,000.00 paid by Jagatsinghpur district thus aggregating to Rs. 30,96,000.00 was given during the year by respective districts against actual storage rental for the period from August 2017 to May 2018 pending finalisation of rent on Actual Utilisation Basis (AUB) & storage loss which has not been provided for in the accounts during the year 2018-19. This has resulted, understatement of "Prior Period Expense" by Rs. 24,76,800.00 and Loss Before Subsidy by Rs. 6,19,200.00 and overstatement of "Short Term Loans & Advances" by Rs. 30,96,000.00.</p>	<p>Noted for future reference. The same will be verified and if not accounted for will be accounted for in next year's account.</p>
<p>15.4.8 Storage Management & Reservation Charges (Godown) Rs. 36,52,40,762.00 In spite of non-payment /less payment under the head by Khurda, Malkangiri and Nuapada district adjustment of Rs. 1,09,89,738.00 (out of total adjustment for Rs 80794283.59 against earlier year) has been made out of total payments for Rs. 26,06,37,034.59 during the year consequently provision made for current year expense under this head has been shown less. This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 1,09,89,738.00 as well as understatement of "Other Current Liabilities" by similar amount.</p>	<p>Noted for future reference.</p>
<p>15.5 Handling Charges to Handling Contractors:- Rs. 30,17,56,073.00 In spite of non-payment /less payment by certain districts like Balasore, Baragarh & Rayagada excess adjustment of Rs. 1,65,93,581.00 against earlier year than payment has been made under this head during the year.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 1,65,93,581.00 as well as understatement of "Trade Payable" by similar amount.</p>	
<p>15.6 Handling Charges on Rice - H & TC: - Rs. 1,88,80,810.00</p> <p>An excess adjustment against earlier years' expense for Rs. 36,72,233.00 has been made against nil payments by Kalahandi and Nayagarh districts during the year resulting short provision for current years expense.</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 36,72,233/- as well as understatement of Trade Payable by similar amount.</p>	<p>Noted for future reference.</p>
<p>15.7 Prior Period Expenses (Trade): - Rs. 6,19,20,776.00</p> <p>A sum of Rs. 1,42,39,091.00 has been debited to this head or shown as shortage Recoverable by Malkangiri (out of the total debit of Rs. 5,49,11,323.00 shown by the company) without any payment or recovery and full particulars of which has not been furnished.</p> <p>Similarly a sum of Rs. 15,15,73,415.00 recoverable towards shortage from CWC /OSWC Ltd relating to earlier years has been credited to Earlier Year's expenses not accounted for earlier which in our opinion it should be credited to Prior Period Income.</p>	<p>Noted for future reference.</p>
<p>16. REF: NOTE:14 PROCUREMENT EXPENSES:- Rs.8,96,73,64,355.00</p> <p>16.1 Commission to PACS:- Rs. 1,84,48,18,859.00</p> <p>As per P. PASS data commission due on procurement of Paddy through PACS for the year by the Company is Rs. 1,93,13,59,556.00 as against the same, the</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>Company has shown a sum of Rs. 1,84,48,18,859.00 towards Commission to PACS for the year resulting a short provision of Rs. 8,65,40,697.00</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 8,65,40,697.00 as well as understatement of "Trade Payable" by similar amount.</p>	
<p>16.2 RMC Fees:- Rs.2,14,62,92,306.00</p> <p>A sum of Rs.214,18,63,456.00 is payable @ 2% on total purchase of paddy for Rs.107,09,31,72,803.00 made by the company during the year. Thus it has resulted over statement of "Loss Before Subsidy" for the year by Rs.44,28,850.00 as well as over statement of "Trade Payables" by similar amount.</p> <p>It is observed that adjustment for earlier years expenses for 149,08,65,576.00 against total payment for Rs.149,52,94,427.00 has been made by the company during the year implying there by only a sum of Rs.44,28,854.00 for the year has been paid by some districts during the year which could not be reconciled with demand notice issued by RMCsor / Registrar of Societies. It is further relevant that, a sum of Rs.9,20,20,636.00 have been provided to by Boudha and Jajpur district without any payment or adjustment against earlier year expenses, <i>the reason of which has not been substantiated.</i></p> <p>Further, short provision of RMC Fees of Rs.3,51,36,844.00 for the year 2017-18 brought out in our audit report has not yet been made in the accounts by the company. This has resulted understatement of prior period expense by Rs 3,51,36,844.00 and understatement of Trade payables by similar amount.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>16.3 Milling Charges Rs.94,10,61,199.00</p> <p>In addition to Milling Charges of Rs.91,32,78039.28 shown by the company for the year a sum of Rs.27783160.00 (including Rs. 16202223.00 for Bargarh district) has been shown as Milling charges for reimbursement of GST.</p> <p>It is relevant to mention that a sum of Rs.160,71,733.00 towards GST@5 % on milling charges of Rs.321434,660.00 has been provided in the accounts and included under the head Milling Charges during the year 2017-18. Again GST Payable to Sunil Kumar Agarwal of Dhenkanal district for Rs. 1,67,053.00 included in Rs. 1,60,71,733.00 as at 31st March 2018 against outstanding, a sum of Rs. 12,35,359.00 was paid by Dhenkanal district for the period from July 17 to July 18 thereby a short provision of Rs. 10,68,306.00 in GST reimbursement for the year. As explained to us the company could not be able to ascertain GST payable on milling charges for the year 2018-19. GST payment against earlier years provision and reimbursement of GST is done based on GST return filed by custom millers only after checking the balance in GST portal. Therefore <i>correctness and adequacy of provision for GST on Milling Charges for the year 2018-19 could not be ascertained.</i> We are not in a position to comment on correctness of GST liability payable on milling charges for the year 2018-19 and adjustment or payment made against provision already created for the year 2017-18 and included in Milling Charges.</p> <p>This has resulted understatement of "Loss Before Subsidy" for the year by Rs. 10,68,306.00 as well as understatement of</p>	<p>As per the policy of the corporation GST reimbursement is being made after the deposit of GST and its reflection in the portal and accordingly expenses has been considered in the accounts.</p>



Observation of Audit	Replies of Management
<p>“Other Current Liabilities” by similar amount.</p>	
<p>16.4 EXPENSES ON INTRA-STATE MOVEMENT AND HANDLING OF FOODGRANS CHARGES AND MARGIN TO FAIR PRICE SHOP DEALERS FOR THE YEAR 2018-19 CLAIMED FOR CENTRAL ASSISTANCE UNDER NFSA 2013.</p> <p>As per the claim for release of first instalment of Central Assistance from Central Government handling of food grains during the year 2018-19 (Final claim) and Fair Price Shop Dealers margin under NFSA the company has prepared a statement showing distribution of food grains through Targeted Public Distribution System under National Food Security Act. 2013 and actual expenditure incurred on intra-state movement and handling of food grains as well as Fair Price Shop Dealers Margin, (Retailers Margin) for the year duly certified by responsible officials of the Company and it was stated to be based on actual expenditure shown in the accounts for the actual expenditure on Intrastate Movement and handing food grains and expenditure on margin to fair shop dealers for the year which was Rs 10,749.31 Lacs and Rs 16023.84Lacs respectively. As against the same, expenditure incurred in Intra state movement and handling for Rs. 10749.31 lacs as well as approved and eligible expenditure couldnot be linked with any of the sub heads shown in the accounts as well as treatment of non-approval of Rs. 472.22 lacs in Intra State Movement and handling expenses over “Loss Before Subsidy for the year could not be ascertained. Discrepancy of Rs. 572.20 lakhs has also been observed in Retailers Margin between the figures shown in the</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>accounts and certified actual expenditure in the statement furnished which could not be explained to us.</p> <p>Hence, we are unable to comment on the impact of discrepancy over "Loss Before Subsidy" for the year as well as "Other Current Assets".</p>	
<p>17. REF: NOTE: 15:- EMPLOYEE BENEFIT EXPENSES Rs.60,38,97,185.00</p> <p>17.1 Pay & Allowance Rs.44,83,84,333.00</p> <p>(Govt. Employees, Corporation Staff & Retirement Pension)</p> <p>It includes payment of Rs. 57,68,57,065.00 during the year by the Company (including payment of Rs. 19,46,98,199.00 by Head Office and Rs. 1,30,71,082.00 by Nayagarh District only against which amount of Rs. 17,05,21,187.00 and Rs. 8,73,668.00 have been adjusted against payment for earlier years with corresponding debit to outstanding Salary Account. As against the above payment Rs. 20,95,97,971.00 has been debited to outstanding Salary Account during the year. In addition to above, a sum of Rs. 7,82,53,838/- have been provided for towards current year's expense during the year. As against the above current years expense of Rs. 7,85,00,184.00 has been credited to outstanding salary. Out of total adjustment of Rs.1,76,56,48,286.00 made by the company as a whole for the year, a sum of Rs. 17,05,21,187.00 has been adjusted for earlier year's expenses out of total payments made for Rs.14,44,14,985.00 during the year by Head Office under " Pay and Allowance: which is neither possible nor appropriate.The above accounts stands un-reconciled.</p> <p>Out of provision arising out of Arrear Pay</p>	<p>Noted for future reference. However examination and reconciliation of the same and needful adjustment will be made if necessary.</p>



Observation of Audit	Replies of Management
<p>towards implementation of 7th pay commission for Rs. 13,20,56,182.00 created by the Company during the year 2017-18, payments made during the year and balance outstanding as at 31.03.2019 and <i>full particulars of the same could not be produced by the company for our verification.</i></p> <p>Similarly out of provisions for Rs. 31,18,92,764.00 arising out of Arrear DA in consequence of decision by Govt. of Odisha created during the year 2017-18, payment made during the year and balance outstanding as at 31.03.2019 and <i>full particulars thereof could not be produced by the Company for our verification.</i></p> <p>However, on the basis of test check conducted by us, it is observed that a sum of Rs. 10,96,145.00 payable by Jeypore and Deogarh district during the year 2018-19 paid during the FY year 2019-20 & FY 2020-21 by the company towards UFO benefits has not been provided for in the accounts by the Company during the year.</p> <p>This has resulted understatement of "Loss Before Subsidy" by Rs. 10,96,145.00 as well as understatement of "Other Current Liabilities" by similar amount.</p>	
<p>17.2 CPF (Employer's Share & Administrative Charges) Rs. 5,64,24,220.00</p> <p>A sum of Rs. 37,08,381.96 has been adjusted towards CPF Employer's Share against earlier year's expense out of total payment of Rs. 518,37,729.77 by the Company during the year . Similarly, a sum of Rs. 2,01,297.06 has been adjusted towards earlier years' expense under CPF Administrative Charges out of total payment of Rs. 38,16,104.70 made during the year by the Company. Employer's Contribution to CPF /EPF outstanding as at 31.03.2018 was Rs. 40,15,957.00. Thus</p>	<p>Noted for future reference. The same will be verified and if necessary rectification in next year accounts will be made.</p>



Observation of Audit	Replies of Management
<p>there was a un-reconciled discrepancy of Rs. 1,06,277.98 . However a sum of Rs. 12,60,303.00 has been transferred by way of Employer's Contribution during the year and a sum of Rs. 2,07,963.53 has been adjusted in the accounts of Mayurbhanj towards Employers share for which full particulars of discrepancy could not be explained to us.</p> <p>Provision for current year's expenses towards under Employer's contribution to CPF for Rs. 1,80,065.00 has only been made in the books of Mayurbhanj district. In case of all other districts <i>provision for Employer's Contribution to CPF and CPF Administrative Charges for the year 2018-19 has not been made in accounts nor quantified by the Company.</i></p> <p>On the basis of test check conducted by us, It is observed that, a sum of Rs. 6,75,850.00 payable by Head Office towards Employer's Share to CPF and CPF Administrative Charges for the year 2018-19 paid during April 2019 has not been provided for in the accounts.</p> <p>This has resulted understatement of "Loss Before Subsidy" by Rs. 6,75,850.00 as well as overstatement of "Other Current Liabilities".</p> <p>Further, a sum of Rs. 2,02,438.00 was paid by the Company towards CPF OMC Employer's Share relating to the F/Y 2017-18. Provision for the Employers Share (CPF) for OMC deputationist or deductions made from salary for the year 2018-19 has neither been made nor accounted for nor quantified by the Company.</p> <p>This has resulted understatement of "Prior Period Expense" by Rs. 2,02,438.00 and overstatement of "Loss Over Subsidy" for the year by similar amount.</p>	



Observation of Audit	Replies of Management
<p>17.3 Payment to Service Providing Agency Manpower:- Wages to SPA Rs. 8,35,74,389.00</p> <p>It includes a sum of Rs. 8,28,56,644.00 towards wages to SPA where in <i>dummy adjustment of Rs. 94,23,110.00</i> made by the Company against of earlier year's expense by the Company. Out of total payment of Rs. 3,25,50,025.00 made during the year for which provision up to financial year 2017-18 under this head was for Rs 49,65,431.00 in respect of Head office and Balasore district was only available still remaining unpaid. Again provision for current year's expense has not been made by Jharsuguda district during the year. Though a sum of Rs. 2,98,41,321.00 has been provided as current year's expense by the Company under this head including all the districts for which SPA wise, period wise details along with copies of bills along with copies of agreements or work orders have not been furnished to us for verification.</p> <p>In addition to current years' provision for expense made under the head as stated above the following amount of Rs. 32,30,485.00 payable to three SAPs for the year 2018-19 was provided for in the accounts towards dues to SPA presented under the sub-head "Dues to Service" presented under broad heading of "Trade Payables" The reason and circumstances of creating such additional provision and related district or head office <i>for which such provision was created during the year could not be furnished to us for verification.</i></p> <p>Further a sum of Rs. 18,36,158.00 paid to M/s. Shrestha Consultancy, M/s. E. Squires, M/s. Semoees, M/s. Z Plus</p>	<p>Noted for future reference. The same will be verified and if required necessary needful entries will be made in next year accounts.</p>



Observation of Audit	Replies of Management
<p>SurakhayaSeva, M/s. Jagannath Security Services and M/s. Shree Solutions Services (P) Ltd for the year 2017-18 has been included in current years payment has not been shown under "Prior Period Expense".</p> <p>This has resulted understatement of "Prior Period Expense" by Rs. 18,36,158.00 and overstatement of "Loss Before Subsidy" for the year by similar amount.</p> <p>Further, a sum of Rs. 21,82,955.00 is payable to M/s. Shree Solution Services Pvt. Ltd. for the period from Dec 18 to March 19 as against which a sum of Rs. 14,73,267.00 has been shown as payable at the end of year thereby a short provision of Rs. 7,09,688.00 for the year.</p> <p>This has resulted understatement of Loss Before Subsidy by Rs. 7,09,688.00 as well as understatement of Other Current Liabilities by similar amount.</p>	
<p>17.4 Retirement Pension Rs.28,71,401.00</p> <p>A sum of Rs. 28,71,401.00 have been paid by the Company during the year and accounted for on cash basis without appropriate disclosure on basis of accounting.</p>	<p>Care will be made to disclose such deviations in next year accounts.</p>
<p>17.5 Premium paid for EDLI/LIC Rs.45,00,000.00</p> <p>Against above payment made by the Company, Premium due for the year was determined at Rs. 44,29,612.00 and balance amount of Rs. 70,388.00 was refundable by L.I.C as per their letter dt. 19.11.18. However Refund due for Rs. 70,388/- from L.I.C. is not traceable in Accounts during the year.</p>	<p>Noted for future reference. The same will be examined and if necessary, needful entries will be made.</p>
<p>17.6 Premium on Group Gratuity :- Rs.14,44,981.00</p> <p>It includes a sum of Rs. 6,44,986.00 paid towards additional premium due up to</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>31.3.2018 by the company not shown as "Prior Period Expense" by Rs. 6,44,986.00 This has resulted understatement of "Prior Period Expense" as well as over statement of "Loss Before Subsidy" for the year by similar amount.</p>	
<p>18. REF: NOTE: 17:-ADMINISTRATIVE & OTHER EXPENSES Rs.15,70,39,965.59 18.1 Administrative Charges Rs.3,39,50,400.00 It includes a sum of Rs. 3,18,65,900.00 paid to M/s. CSM Technology Private limited towards development, implementation and management of integrated system as per the instruction given by Food, Supplies and Consumers Welfare Department, Govt Of Odisha. The above work was scheduled to be commenced from 1.11.18 and is to be completed within a period of three years that is 31.10.2020 as per the work order issued. The above work has not been commenced during the year though entire amount was paid as an advance has been shown as revenue expense booked under the above head. Considering the nature of Job and period of completion, in our opinion, the above amount paid should be presented under "Capital Advance" instead of "Administrative Charges". This has resulted understatement of "Capital Advance" by Rs. 3,18,65,900.00 and overstatement of "Loss Before Subsidy" by similar amount.</p>	<p>No comments.</p>
<p>18.2 ERP/SAP Rs. 3,32,61,650.00 It includes a sum of Rs.79,55,689.80 towards ERP/SAP expense for the year 2017-18 paid during the year which should be charged to "Prior Period Expense" instead of Current year's Expense. It further includes a sum of Rs.73,61,510.00 towards implementation cost for 3rd phase and system support cost for the period</p>	<p>The ERP/SAP expenses is in process of examination and reconciliation and if necessary, needful rectification will be made.</p>



Observation of Audit	Replies of Management
<p>from 29/6/17 to 29/6/18 which should have been (proportionately up to 31.3.18) charged to Prior Period Expense and the balance amount for the period from 1st April 2018 to 29th June 2018 should be charged as expense for the year 2018-19 <i>break up of which has not been furnished to us by the company</i>. Handholding Support Expense for the period from dt.01.04.2018 to 30.09.2018 payable for 1st phase to 3rd phase or ERP-SAP has not been provided for in the account during the year by the company nor quantified by the company. Similarly certain amount towards System Support Cost and AMC of Pilot phase to 3rd phase, & PMU Handholding Support Cost & S.D. & PP Module cost relating to period ending 31st March 2019 for Rs.6,36,61415.05 paid during financial year 2019-20 or F/Y 2020-21 has not been provided for in the accounts . This has resulted understatement of Loss Before Subsidy by Rs.6,36,61,415.05 as well as “Other Current Liabilities” by similar amount.</p>	
<p>18.3 P. Pass Expenses: Rs.32,45,466.00 It includes Manpower expense for Rs.7,40,385/- paid to M/s. Shrestha consultancy, M/s. Inspavo consultancy (P) Ltd& M/s. Wild Cart for the year 2017-18 which should be charged to Prior Period Expense. This has resulted understatement of “Prior Period Expense” and over statement of “Loss Before Subsidy” for the year by Rs.7,40,385.00</p>	<p>No comments.</p>
<p>18.4 Fees & Fine Rs.6,18,748.00 It includes a sum of 232480.00 towards <i>dummy Sonapur liabilities</i> for expense credited to the account during the period ending 31.03.2019. Full particulars of the same has not been furnished to us .</p>	<p>No comments.</p>



Observation of Audit	Replies of Management
<p>18.5 Penalty on CPF to RPF Rs. 4,32,703.00 It includes a sum of Rs 275825.00 paid during the year towards penal damage and misc charges in connection with EPF payable -Employees share contribution and an amount of Rs 1,56,878.00 paid by Nabarangapur district towards penalty on CPF during the year for which <i>copy of demand notice period of default, reason and circumstances for payment of penalty has not been furnished to us.</i></p>	No comments.
<p>19. CASH FLOW STATEMENT:- 19.1 The Company has not presented a reconciliation of the amounts in its cash flow statements with equivalent items reported in the Balance Sheet. Certain figures as appearing in increase / decrease in current liabilities and provisions, sale proceeds of fixed assets, cash flow from financing activities more particularly with respect to receipts and applications of different scheme funds from Government as appearing in Cash Flow Statement could not be linked with the figures reported in Balance Sheet.</p>	Noted for future reference.
<p>19.2 The Company has not disclosed a commentary by the management the amount of significant Cash & Cash Equivalents balances held by it that are not available for use by the Company, such as deposits earmarked against different scheme funds of Government together with Cash Flow Statement.</p>	Noted for future reference. The same will be separately disclosed in next year accounts.
<p>20. NET PROFIT OR LOSS FOR THE PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES. The nature and amount of prior period items has not separately disclosed in the statement of profit & loss in a manner so that their impact on the current year's profit or loss can be perceived. However,</p>	Noted for future reference. As the company is a no profit no loss company there is hardly any impact of Prior period items and changes in accounting policies in net profit. However care will be taken to disclose the same as per the statute.



Observation of Audit	Replies of Management
<p>Disclosure of prior period income of Rs. 15,33,28,113.00 under the broad heading of "Other Income" in Note-10 has not been suitably made in accordance with the requirement of "Accounting Standard-5" issued by the Institute of Chartered Accountants of India.</p>	
<p>21. CONTINGENT LIABILITIES:- In respect of disputed VAT matters a sum of Rs 1,26,57,602.00 is payable by the Company towards disputed penalty of Rs. 93,00,341.00 and interest of Rs. 33,57,261.00 on VAT preferred by the company for the period from FY.2013-14 to FY.2015-16 against which appeal is pending before the Odisha Sales Tax Tribunal against which provisional deposit for Rs. 3,35,726.00 has been made. But, the facts has not been suitably disclosed under Contingent Liabilities In the absence of information, the effect of which can't be quantified, we are unable to comment on the possible impact of the items stated herein over the financial affairs of the Company for the year ending 31st March 2019.</p>	<p>Noted for future reference. Proper disclosure of the same will be made in next year accounts.</p>



ANNEXURE-D

Observation of Audit	Replies of Management
<p>REF: NOTE-4.1 OTHER LONG TERM LIABILITIES: Other Long Term Liabilities Rs. 275,45,21,337.00 Schematic Funds Received from Government Rs.238,51,98,080.00</p> <p>1.1 Copies of sanction letters and copies of utilization certificate for the year in respect of different schemes like Market Intervention Fund, FPS Automation License, Special Draught Assistance, In eligible card holders and IEC. Grant have not been made available to us for verification.</p>	<p>Copies of sanction letter of some of the schemes could not be shared with auditor due to Covid-19 pandemic. But most of the sanction letters and utilization certificates have been shown to the auditor.</p>
<p>1.2 Digitization and Replacement of Ration Card: Rs.29,17,19,704.00 A sum of Rs.5,17,802.00 and Rs.1,58,46,328.00 have been transferred to NFSA Expense and SFSS Expense respectively during the year out of aforesaid grant. The reason, circumstances and related correspondence from Government regarding above utilization has not been furnished to us for verification.</p>	<p>Noted for future reference. The same will be examined and if found necessary, needful entries will be made in next year accounts.</p>
<p>1.3 FPS Automation :- Rs.38,88,88,076.00 An amount of Rs.2813,00811.00 and Rs. 8,95,66113.00 has been paid to M/s Link Well Tele System (P) Ltd. during the financial year 2017-18 and financial year 2018-19 respectively towards supply of E.POS devices /machines. However, stock records relating to period of receipt and issue of the E.POS devices/machines and accounting of closing stock at the year end has not been produced before us for verification.</p>	<p>The FPS Automation file has been shared with the auditor for verification.</p>



Observation of Audit	Replies of Management
<p>1.4 Corpus Fund: - Rs.14,23,58,329.00</p> <p>It was stipulated by Govt. of India vide letter dt.28th February 2018 that the interest generated from the corpus fund is to be utilized for funding local consumer activities like setting up facilitation centers, consumer education, mediation and grievance redressaletc.</p> <p>The company vide its letter dt.9/1/18 given by the company to Under Secretary, FS & CW Deptt.,Govt. Of Odisha has communicated that as per the direction of Government total funds is to be kept as term deposits in U.Co. Bank, Govt. Secretariat Branch, Bhubaneswar. Interest received on this deposit as on 31.12.17 is Rs.3,14,32,173.28 which is kept in a saving flexi Account with the bank. However Balance in Corpus Fund (Saving Flexi) A/c as at 31.3.18 shows a balance of Rs.31430548.00 and balance as at 31.3.19 shows an amount of Rs.25,641.00. The reason of above discrepancy and violation of direction of Govt. of Odisha and Govt. Of India has not been explained to us.</p> <p>An interest of Rs.73,56,719.04 has been credited towards interest on FD which has been capitalized to the scheme which does not appear in the bank account maintained for the purpose. Further, a sum of Rs.50,00,000.00 has been shown to be withdrawn from the said bank in accounts, which is also not reflected in the Bank account maintained for the purpose. Purpose of withdrawal and its utilization has also not been explained to us.</p>	<p>Noted for future reference. The same will be examined and if found necessary, needful entries will be made in next year accounts.</p>



Observation of Audit	Replies of Management
<p>2. REF: NOTE-5.2 TRADE PAYABLE: Rs. 11,82,20,03,623.00 Sundry Creditors-Suppliers-Goods Rs. 1,65,68,02,465.00</p> <p>2.1 MSP Payable to Farmers Rs. 37,62,89,863.50</p> <p>The Company has shown payment of Rs. 12,09,14,135.00 during the year against brought forward balance of "MSP Payable to Farmers" as at 31.03.2018. Full particulars of the same have not been made available to us for verification. The year end balance as at 31.03.2019 can never remain outstanding under the present system of direct transfer to the bank account of farmers.</p>	<p>Noted for future reference.</p>
<p>2.2 Sundry Creditors-Suppliers-Service. Rs. 10,16,52,01,158.00</p> <p>In some districts, in the accounts of Due to Transport Contractors (Level-I & II), Dues to Godown owners / Lessors, OSWC Godown and FCI Godowns, the Company has adjusted a sum of Rs. 1,37,84,095.00 against brought forward advance for which full particulars of adjustment has not been furnished to us for verification.</p>	<p>No comments.</p>
<p>2.3 Dues to Custom Millers: Rs. 2,42,03,71,414.00 Dues to PACS <u>Rs. 3,59,72,07,303.00</u> Total: Rs. 6,01,75,78,717.00</p> <p>Party wise/period wise/district wise details of above are not produced before us for our verification. The reason of non-adjustment of above balance against "Dues from Millers" "Advance to Custom Millers" and "Advance to PACS" has also not been explained to us.</p>	<p>The SAP ERP access has been provided to the auditors to verify the party wise/period wise/district wise details.</p> <p>The advance laying in the heads needs further examination which after due reconciliation if necessary adjustment will be made.</p>



Observation of Audit	Replies of Management
<p>2.4 Dues to Transport Contractor: Rs. 71,89,17,793.00</p> <p>A sum of Rs. 62,64,216.00 towards revised transportation bill of paddy & CMR for the KMS - 2016-17 has been claimed by Branch , TDCCOL, Sundargarh from DM, OSCSC Ltd, Sundargarh Branch. To what extent it was provided for in the books of Sundargarh could not be explained by the company(Ref. letter No. 430 dt. 05.10.2018)</p>	<p>Noted for future reference. The same will be examined and if necessary adjustment entry will be given in the next year accounts.</p>
<p>3. REF: NOTE-5.3 OTHER CURENT LIABILITIES Rs. 3,53,64,28,909.00 (OTHER THAN CONTROL ACCOUNT)</p> <p>3.1 Advance Sale Proceeds of Sugar: - Rs. 1,09,07,43,559.00 (Trade Advance from Storage Agent, FPS & Others)</p> <p>A sum of Rs. 3,77,49,783.00 has been adjusted during the year against old brought forward and un-reconciled balance of remittance in transit of Rs 112,84,93,341.73 for which full particulars of adjustment/refund along with related correspondence and all supporting documents has not been made available to us for verification.</p>	<p>No comments.</p>
<p>3.2 Dues to SPA: - Rs. 2,74,40,117.00</p> <p>Party wise, period wise/agency wise details of such dues as at 31.3.19 along with copies of agreements / work orders, period of service rendered and numbers of agencies. engaged by the company during the year has not been produced, before us for verification.</p>	<p>The SAP ERP access has been provided to the auditors to verify the party wise/period wise/district wise details. Also sample SPA agreement, work order has been shared with the auditor. There was some gap, as auditor asked for 100% document instead of sample data.</p>



Observation of Audit	Replies of Management
<p>3.3 Liabilities For Expenses:- Rs.66,36,63,581.00 Dues to Others Rs. 66,28,00,190.00 It includes a sum of Rs. 13,62,89,903.30 carried forward by Head Office since earlier years against which there is neither any payment nor adjustment during the year excepting a sum of Rs. 73,37,891.00 created towards liabilities for the year thus remains unpaid/unsettled/unadjusted which may not be possible under any circumstances. Further a sum of Rs. 4,66,72,353.59 has been paid by all the districts against huge brought forward balance of Rs. 69,35,55,481.58 as at 01.04.2018 under the head. Only a sum of Rs. 1,59,17,063.00 have been provided for towards liability for different expenses by the company during the year. Substantial portion of the liabilities remains still unpaid, un-reconciled and unadjusted. In absence of production of party wise / expense wise / period wise and district wise details by the Company we are unable to comment on adequacy of provision made for the current year against various dues of the company. Correctness of the balance shown in accounts and the extent of write back / adjustment required if any in the accounts of the Company during the year could not be ascertained by us.</p>	<p>Noted for future reference. The same will be examined and after reconciliation necessary effects will be made in the accounts.</p>
<p>3.4 TDS Payable:- Rs.4,49,66,714.00 Head wise/period wise/nature wise/district wise TDS liability and deposit thereof under various provisions of the Income Tax Act, 1961 have not been reconciled. Further, copies of e-TDS returns filed by the company covering Head office as well as all districts for the year have not</p>	<p>Noted for future reference. All TDS related will be examined and needful reconciliation and adjustment will be made at the earliest.</p>



Observation of Audit	Replies of Management
<p>been furnished to us for verification. Impact of any consequential discrepancy arising out of non-reconciliation over financial statements for the period has not been ascertained.</p>	
<p>4. REF: NOTE: 5.3 (A) 4.1 Control Accounts (Net): Rs.143,30,17,196.00</p> <p>Though balance brought forward in the account remains the same, certain inter head changes were made by the Company during the year. Un-reconciled balance brought forward from the year 2017-18 shown in Jajpur District Control Account and Kandhamal District were adjusted by the Company during the year and reduced to Nil during the year. However full particulars of such changes made with all supporting documents have not been produced before us for verification. Impact of such un-reconciled difference (both debit and credit) for the year including that of brought forward balances persisting in accounts of the Company since past several years over "Loss Before Subsidy" for the year or balance in this account or different items of revenue or expenses or assets or liabilities in the financial statements as at the year-end has not been ascertained.</p>	<p>Noted for future reference. However CA firms have been engaged for reconciliation of old dormant account. After such reconciliation, major unreconciled balance in the control account will be adjusted.</p>
<p>5. REF: NOTE: 6 FIXED ASSETS: 5.1 Depreciation Rs. 1,46,72,015.00</p> <p>In respect of addition to fixed assets during the year, depreciation on fixed assets has been calculated from the date of payment made to various parties for such assets instead of the date of invoices /bills or utilization certificates which is not correct. Impact of such incorrect calculation of depreciation over "Loss Before Subsidy" for</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
the period as well as Fixed Assets has not been ascertained.	
<p>5.2 Assets Under Construction -CWIP:- Rs. 1,93,39,160.00</p> <p>The amount represents construction of office building of Khurda, Ganjam, Deogarh and Bargarh in progress spent out of grant for "Creation of Capital Assets" details of utilization certificates, estimated cost of completion, expected date of completion and further cost to be incurred for completion of each project, have not been furnished to us for verification.</p>	<p>Most of the details related to CWIP are available, however due to COVID-19 all the data could not be submitted to the auditor.</p>
<p>6. REF: NOTE: 8.1 INVENTORIES Rs. 65,52,57,14,202.00</p> <p>6.1 Copy of the physical verification report of all the items of stock including the items held with third parties such as CWC, OSWC and all other parties as at 31st March, 2018 and 31st March, 2019 are not available to us for our verification. In absence of availability of physical verification report of inventories both as at the beginning of the year and at the end of the year, shortage / damaged /misappropriation or deterioration in quality if any could not be commented by us.</p>	<p>Physical verification of stock has been done at each level of transaction at District and also at regular intervals, but the same could not be checked by auditor due to COVID-19.</p>
<p>6.2 Status of Delivery of rice by M/s. Vaisnudevi Rice &Chawal Industries, Larpank Sambalpur against the CMR damaged due to devastating flood on 21/07/2018 in terms of Board Resolution (183/4) dt 15.11.2018 and delivery of CMR against detected shortage in both custom milled rice and paddy and M/s. Maa Tarini Rice Mill, Bonth Bhadrak in terms of Board Resolution (refer item No (184/3) date 4.01.2019) has not been informed to us.</p>	<p>The communication to concern District has been initiated and has been suggested to do the necessary adjustment with proper document backup.</p>



Observation of Audit	Replies of Management
<p>6.3 Stock of New Gunny Bags/Bales:- Rs. 80,09,68,041.00</p> <p>It was the earlier practice of the company to value the new gunny bales at cost without considering average transportation cost and all other incidentals incurred to bring the inventories to its present location and condition further, without any disclosure of the basis of valuation appropriately in Notes on Accounts up to the year ending 31st March 2018.</p> <p>However during the year, the company has changed the basis of valuation of stock of New Gunny bales that is at <i>average price of indents of corresponding stocks at the end of the financial year</i> again without ascertaining the impact of such change in the basis of valuation and without appropriate disclosure in this regard by way of a note. (Refer item No.1(d) in Note No.-2 of Notes on Accounts). Average rate of new gunny bags for valuation of stock on the basis of advance paid by the company against indent dt.17.1.19 and 8.3.19 per bag or per piece comes to Rs.50.87 or Rs.25,434.82 per bale as against which at the time of valuation of closing stock, rate of new gunny bales, in the immediate preceding year was taken at Rs.47.31 per piece/per bag or Rs. 23,654.89 per bale. The above <i>increased rate of valuation</i> of new gunny bales as compared to immediate previous year has not been justified by the company through production of relevant invoices for the current period as well as that of the immediate preceding financial year. While valuing the closing stock of gunny bale, average transportation cost, and all other incidental charges has also not been considered.</p>	<p>Noted for future reference. Valuation of gunny bags will be made on the basis of invoices with due consideration of or direct expenses attributable to such purchase at the earliest</p>



Observation of Audit	Replies of Management
<p>Further, Impact of under valuation of stock of new gunny bales/bags of Rs. 23,69,70,977.00 reported by us in our report for the year ending 31st March 2018 has not been given in the accounts by the company during the year 2018-19.</p> <p>Similarly, erroneous omission of accounting of stock of 3158.43 bales of Jute bags covered in our report for the year 2016-17 has not yet been incorporated in the accounts.</p> <p>Stock of Jute Gunny Bags (New B.Twill) as at 31st March 2019 since past several years has not been reconciled by the company with respect to its procurement and issue to the Millers. Its consequential impact over “Loss before Subsidy” for the year as well as that of earlier period and value of inventories has not been ascertained.</p> <p>In absence of production of invoices for purchases of Jute bales as well as transportation charges and improper accounting and inconsistent changed basis of valuation as explained above, we are unable to ascertain the Impact of such inconsistent and incorrect method of valuation of stock and omission of accounting of stock since the year 2016-17 as well as non-reconciliation/of new B.Twill bags, and improper maintenance of stock records over “Loss Before Subsidy” for the year as well as inventories as at the year end.</p>	



Observation of Audit	Replies of Management
<p>6.4(i) Stock of Kerosene Oil :- Rs.2,72,997.00</p> <p>(ii) Gas Refills (LPG items) Rs.15,03,264.00</p> <p>(iii) Gas Accessories Rs.2,69,843.00</p> <p>Though the company has stated the basis of valuation of stock of Kerosene Oil and Gas Refills and Gas Accessories at purchase price but, at the time of valuation of stock, purchase price based on latest invoices as well as transportation cost and loading and unloading charges has not been considered at the time of valuation of stock. Hence, we are unable to comment on correctness of valuation on account of non-production of purchase invoices; Impact of valuation of above items over "Loss Before Subsidy" for the year as well as inventories could not be ascertained.</p>	<p>Noted for future reference.</p>
<p>6.5 Stock of CMR with Custom Millers: - Rs. 9,07,62,73,095.00</p> <p>Though the stock of custom milled rice with millers is stated to have been valued at acquisition cost less expenses accrued but not due as disclosed <i>in item No.b(11) of Note No -1 of Notes on Accounts</i> but it has not been followed by the company in accounts nor its impact over Loss Before Subsidy as well as Inventories has been ascertained.</p>	<p>Noted for future reference. Care will be taken to visit the valuation of stock in the light of statutory auditor's observation.</p>
<p>6.6 <i>Stock Damaged in Fani Cyclone on 3rd May 2019 at some Godowns of Puri Districts.</i></p> <p>Stock Damaged in Fani Cyclone on 3rd May 2019 at some Godowns of Puri Districts such as Stock held at RRC cum DSC Bali Godown /CWC/OSWC Godown RRC-cum-DGS,PEGMalhapatana, and SWC, Nimapada has been substantially</p>	<p>Since the transaction is related to FY 2019-2020 and afterwards, the same will be given effect in the next year account.</p>



Observation of Audit	Replies of Management
<p>damaged in FANI Cyclone on 3rd May 2021. Book value of those stocks included in the closing stock of Puri district has not been separately furnished to us by the company. Further, in the aftermath of Cyclone, certain stocks were reported to be found missing and certain materials were distributed as relief to the cyclone affected areas of Puri district. Further, against such damaged stock, <i>certain insurance claims were received details of which has not been produced before</i> us for our verification and certain damaged items were sold by the Company through auction process subsequently. Loss on realization of damaged stock has neither been ascertained nor disclosed appropriately by way of a note in Notes on Accounts nor suitably adjusted in the accounts of the Company for the year 2018-19.</p>	
<p>7. REF: NOTE: 8.3 CASH & CASH EQUIVALENTS Rs.4,55,68,34,193.00</p> <p>7.1 Cash at Banks Rs. 1,65,59,44,185.00</p> <p>Bank Balances includes several savings bank accounts having year-end balance of Rs. 13,35,74,042.10 including credit balance of Rs 65,24,081.34 in the books of Jagatsinghpur district and other bank accounts having paddy procurement centers of different districts continuing in accounts have neither been reconciled nor confirmed nor adjusted lying since past several years. In all the cases, the year-end bank balance confirmation certificates or bank reconciliation statements for the year are not made available to us for verification.</p>	<p>Noted for future reference. Communication to District is being made against the same and on receiving the details adjustment will be made at the earliest.</p>



Observation of Audit	Replies of Management
<p>7.2.1 Fixed Deposits Rs. 95,31,54,246.00 Flexi Deposits with UCO Bank. As per balance confirmation certificate as at 31.03.2018 issued by UCO Bank, Secretariat Branch, Bhubaneswar, there are seven flexi deposits having different Account Numbers. carrying a balance of Rs. 3,98,85,665.12 which was <i>not available in books of account</i>. During the year 2018-19, a sum of Rs. 54,261.04 has been deposited by the Company and interest of Rs. 12,11,440.00 earned on such flexi deposits has been credited to the bank account. Considering deposit and interest earned, balance in this account as at 31.03.2019 comes to Rs. 4,11,51,366.16. Thereafter, a sum of Rs. 3,98,71,197.12 was shown to be withdrawn during the year leaving a closing balance of Rs. 12,80,169.04 lying in four flexi deposits as at 31.03.2019 which agrees with that of balance confirmation certificate issued by UCO Bank. However, corresponding entries passed in the books of the company representing credit balance in respect of opening balance of Rs. 3,98,85,665.12 lying in these accounts and deposit and interest earned as well as withdrawal made during the year along with supporting evidences thereof has not been made available to us for verification.</p> <p>Balance in Corpus Fund (Savings Flexi Account) as at 31.03.2018. for Rs. 3,14,30,548.00 for which bank balance confirmation certificate was also not available for verification.</p>	<p>Due to Covid-19 pandemic, the certificate could not be collected and produced before the auditor. However care will be taken to have reconciliation with book balance and balance confirmation certificate and if necessary appropriate entry will be made.</p>



Observation of Audit	Replies of Management
<p>7.2.2 UCO Bank Pass Book S.B A/c. No. 6640310245326.</p> <p>There was an opening balance of Rs. 25,649.12 in the above Pass Book wherein a sum of Rs.3,98,48,210.00 was deposited and interest of Rs. 61,36,355.00 was earned in the account during the year. A sum of Rs. 3,98,48,023.25 was drawn during the year out of available balance Rs.46,01,10,214.12 leaving a closing balance of Rs. 61,62,190.87. Again balance in four Flexi A/c. for Rs. 12,80,169.04 along with above balance of Rs. 61,62,190.87 (representing closing balance in S.B. A/c. No. 66403110245326) thus aggregating to Rs. 74,42,359.91 was taken in to account which could not be adequately verified by us due to non-production of all relevant details. Balance confirmation certificate as at 31.03.2018 and 31.03.2019 were not made available to us for verification and it does not match with corpus Fund Balance.</p>	<p>Noted for future reference. Care will be taken to have reconciliation with book balance and balance conformation certificate and if necessary appropriate entry will be made.</p>
<p>7.2.3 Interest on deposits with Banks:-</p> <p>Interest earned for 3,27,286.00 on deposits with Union Bank Of India Baripada Branch and Axis Bank credited to the Account of the company during the year on which a sum of Rs 33,370.00 has been deducted towards income tax during the year as reflected in 26AS downloaded from Income Tax Site for the year. However the deposits on which such interest was credited and sources of receipt of such deposit and purpose of deposit has not been explained to us. Against the receipt of Interest on deposit for Rs. 3,27,286.00 only I.TDS for Rs 33,370.00 has been accounted for as interest income during the year. Balance</p>	<p>Communication to District is being made against the same and on receiving the details adjustment will be made.</p>



Observation of Audit	Replies of Management
<p>Interest for Rs 2,93,916.00 has not been accounted for in the books of the company during the year.</p>	
<p>8. REF: NOTE: 8.4 SHORT TERM LOANS & ADVANCES Rs. 42,35,62,877.00</p> <p>8.1 Advance for Construction/Renovation of Godown/Office Building:-Rs. 3,93,76,525.00</p> <p>A sum of Rs 576905.00 have been shown as advance to Chief Engineer and a sum of Rs. 1,00,00,000.00 have been recovered and adjusted in accounts on 01/04/2018 by the company. Full particulars of such adjustment/payment have not been furnished to us for verification.</p>	<p>Due to Covid-19 pandemic, all the documents could not be produced before the auditor. However concern section has been instructed to reconcile the fund utilised with UC submitted and if necessary needful adjustment will be made.</p>
<p>8.2 Advance for Creation of Capital Assets Rs. 4,69,81,586.00 (Advance to Executive Engineers & BDOs.)</p> <p>It includes certain <i>dummy advance of Rs. 3,30,22,053.00 created</i> in the name of different Executive Engineers on 1.04.2018 by the company for which full particulars of payment or adjustment, purpose of adjustment and date of submission of utilization certificates by Executive Engineers or BDOs, or any other agency, and date of completion of different assets created out of "Creation Of Capital Assets Grant" has not been furnished to us.</p> <p>Further, <i>out of such dummy advance a sum of Rs.1,93,39,160.00</i> (excluding as amount of Rs.13,22,501=00 shown as repair work) have been transferred to office building of different districts. Particulars of completion of those CWIP have not been furnished to us for verification.</p>	<p>Due to Covid-19 pandemic, all the documents could not be collected and produced before the auditor.</p>



Observation of Audit	Replies of Management
<p>9. REF: NOTE: 8.5 OTHER CURRENT ASSETS Rs. 48,76,91,16,005.00</p> <p>9.1 Advance Subsidy Rs. 37,90,01,97,686.00</p> <p>Basis of accounting with respect to subsidy both from Central Government / State Accumulated claim Government is neither on cash basis nor on accrual basis and is stated to be based on provisional accounts. Year wise breakup of subsidy receivable/received in Advance from Govt of India and Govt of Odisha respectively as appearing in accounts including excess receipt than claims along with copies of advice for each receipt indicating period thereof have not been furnished to us for verification.</p>	<p>Noted for future reference.</p>
<p>9.2 TC on Paddy Receivable from FCI Rs. 2,46,48,76,177.00</p> <p>T.C. on CMR Receivable from FCI Rs. 1,44,75,80,330.00</p> <p>Total: Rs. 3,91,24,56,507.00</p> <p>It is observed from above, in addition to huge opening balance, substantial amounts are also shown as recoverable during the year without any recovery. Basis of recovery, the reason of non-recovery and copies of all latest related correspondence with FCI have not been furnished before us for our verification.</p>	<p>Specific details has not been asked by the auditor, however FCI related files has been shared to audit wherein most of the correspondence is available.</p>
<p>9.3 (i) Advance to Suppliers- Services Rs. 45,80,25,709.00</p> <p>(ii) Advance to PACS: -Rs. 42,96,95,847.00</p> <p>It includes a sum of Rs. 20,18,97,71,588.40 lying in Head Office. Out of total debit balance of Rs. 20,84,31,91,895.50 brought forward from earlier years continues to be un-reconciled and unconfirmed. The said balance lying in Head Office has been transferred to all district accounts during</p>	<p>CA firms have been engaged for reconciliation of old dormant account. After such reconciliation report finalisation, major unreconciled balance is expected to be adjusted.</p>



Observation of Audit	Replies of Management
<p>the year without any reconciliation and without any party wise/period wise and district wise details. Consequently, some districts show closing credit balance which may not be possible.</p>	
<p>9.4 Advance to Suppliers - Other Service Rs.28,54,603.00</p> <p>It includes a sum of Rs. 6,64,32,984.00 and Rs. 2,35,365.00 have been adjusted by Head Office and Sambalpur district against huge brought forward advance of Rs. 6,79,19,702.20 and advance paid for Rs. 2,38,000.00 by Sambalpur district respectively during the year for which party wise, head wise details along with details of service offered during the year have not been furnished to us.</p>	<p>CA firms have been engaged for reconciliation of old dormant account. After such reconciliation report finalisation, major unreconciled balance is expected to be adjusted.</p>
<p>10. REF: NOTE: 10 OTHER INCOME Rs.1,78,67,64,872.00</p> <p>10.1 Value/Moisture cut on CMR Rs. 6,33,52,564.00</p> <p>It includes substantial amount of Rs. 5,19,56,614.00 deducted by Baragarh, Kalahandi, Sonepur district towards Value / Moisture cut during the year. Basis of cut, authorization by competent authority, and reason for abnormal deduction under this head has not been explained to us.</p>	<p>Noted for future reference. However considering the volume of transaction the value cut seems normal.</p>
<p>10.2 Miscellaneous Receipt Rs.5,25,499.00</p> <p>An amount for Rs. 4,29,373.00 has been debited and adjusted in the accounts of miscellaneous receipts against brought forward miscellaneous receipts receivable in the account during the year. Full particulars of such receivable in earlier year has not been furnished to us for our verification.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>11. REF: NOTE: 12 PURCHASE OF STOCK IN TRADE Rs. 1,11,04,16,74,858.00</p> <p>11.1 Purchase of Paddy Rs. 1,07,09,31,72,803.00</p> <p>Purchase of paddy for Rs.107,09,31,72,803.00 has been stated to be shown based on the receipt of stock of paddy for 65295257.50 quintals by the company in the Accounts during the year. As against above, purchase of 61803505.790 qtls of paddy has been shown in the P.PASS data for the year. Based on P.PASS data, payment for procurement as well as all other expenses connected with procurement are made by the company during the year. Therefore, Financial Impact of such discrepancy arising excess of differential quantity 3491751.71 Qtls of paddy along with payment to farmers, procurement expenses as well as all other related expenses over financial statements of the company could not be ascertained due to non-reconciliation/non-production of all relevant details and information.</p>	<p>Noted for future reference. Care will be taken to reconcile the quantity with PPAS with accounts figure.</p>
<p>11.2 Purchase of New Gunny Bags Rs. 3,20,06,54,965.00</p> <p>Purchase is accounted for against procurement of 137139.50 bales of Jute gunny bags received during the year. As per the terms of payment, advance to the extent of 90% are made through Punjab National Bank, Kolkata at the time of making indent. Balance 10% to is paid only after receipt of Jute bags. Payments for the year included 10% outstanding for the period ending 31st March 2018 has also not been excluded nor adjusted against payment made during the year or outstanding liabilities. Further balance</p>	<p>Noted for future reference. Audit observation will be considered in next year accounts.</p>



Observation of Audit	Replies of Management
<p>10% payable against procurement quantity for the year 2018-19 has also not been provided for in the Account during the year.</p>	
<p>12. REF: NOTE: 13 TRADE EXPENSES Rs. 3,99,99,53,585.00 12.1 Transportation Charges & H & T Charges Rs. 1,32,51,75,984.00</p> <p>In case of TC on Rice for Level-I & Level-II, wheat for Level-I & Level-II, H & T charges on Level-I & Level-II either expenses under each sub head not paid nor provided for towards current year's expenses nor adjustment against earlier year have been made properly by each district. Further since number of transporters or H & T contractors engaged in each district, applicable rate of tariff for the year have not been furnished to us by the company. we are unable to comment on correctness of expense shown and adequacy of provisions made under each sub-head during the year in the Accounts.</p>	<p>Noted for future reference.</p>
<p>12.2 Revision of Storage Tariff of CWC/OSWC Godowns</p> <p>The extent of accounting in respect of storage tariff of CWC/OSWC Godowns utilized by OSCSC Ltd w.e.f. 01.04.2016 (Ref: Item No. 185/5 of Board of Directors Meeting dt. 25.02.2019 and revision of storage charges (Storage Tariff of CWC/OSWC) Godowns utilized by OSCSC Ltd as communicated by Govt. of India to be applicable with effect from 01.04.2017 & 01.04.2018 (Ref: Item No. 191/12 of Board of Director's Meeting dt. 31.12.2020) has not been furnished to us.</p>	<p>The effect of the revision is generally accounted in the year of payment after the approval of the Board.</p>



Observation of Audit	Replies of Management
<p>In spite of comments by CAG of India on short provision of MLCS payables to PACS in Bolangir district during the financial year 2016-17 amounting to Rs.1.22 Crores has not yet been provided for in the accounts by the company.</p> <p>In absence of full particulars as described above, we are unable to comment on correctness of provision made or adjustment made against earlier year's expense under each sub-head.</p>	<p>Concern District has been communicated and asked to submit the details based on which needful adjustment will be made in the next year accounts if required.</p>
<p>13.2 Gunny Cost Paid to Millers Rs. 3,02,42,589.00</p> <p>It includes a sum of Rs.32,71,467.00 and Rs.25341012.00 paid by Boudh and Sambalpur district respectively during the year for which copies of bills, stock entry in quantitative details and reason of Jute procurement by the said districts in spite of centralized procurement arrangement by the company through jute smart has not been explained to us.</p>	<p>No comments.</p>
<p>13.3 Joint Custody & Maintenance Rs. 29,11,04,751.00</p> <p>It is observed in some districts payments have only been accounted for without any provision for current year's expense or adjustment against earlier period expense. The reason and circumstances of such inconsistency has not been explained to us.</p> <p>Further, extent of accounting by way of provision made or payment of Joint Custody and maintenance charges for KMS 2017-18 @Rs 2.40 per quintal for three months and reimbursement of milling charges in terms of Board Resolution in their meeting (182/7 dt.26/6/18) has not been furnished to us by the company.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>13.4(i) T.C. on Paddy for Millers Rs. 1,66,06,68,476.00</p> <p>(ii) TC on CMR to Custom Miller RRC Rs. 72,25,40,539.00</p> <p>(iii) TC on CMR-Custom Miller for FCI Delivery Rs. 8,98,48,031.00</p> <p>In case of transportation charges on paddy for Millers provision for the current year's expense has not been made in the books of Korput district nor quantified by the company. Further adjustment of Rs. 71,06,64,924.00 has been made in above heads against earlier year which could not be linked by the company with the provisions available in accounts or adjustment made against advance paid during earlier years.</p> <p>In case of T.C. on CMR – Custom Millers for FCI Delivery, a sum of Rs. 8,63,86,683.00 is shown (Including current years provision for expenses Rs. 294,61,998.00) by Kalahandi district without any adjustment against earlier year. Further, this expense has been incurred only by three districts. Full particulars of payment and copies of bills and related files of the district has not been produced before us for verification.</p> <p>Further status of accounting with respect to revision in rate of transportation charges on paddy from purchase centres to Mills and CMC from Mill points to RRC/FCI for KMS 2017-18 & KMS 2018-19 in terms of resolution passed at Board of Directors meeting No.183/10 dt.15.11.2018 has not been furnished to us.</p> <p>Copy of tariff for transportation charges applicable for the year and list of transport contractor engaged and quantity transported by each contractor and party wise bills outstanding as at 31.3.2019 has</p>	<p>Noted for future reference. However communication to District has been made to know the exact status of the same so that process will be initiated to put the proposal before the management for appropriate action.</p>



Observation of Audit	Replies of Management
<p>not been furnished before us for verification.</p> <p>In absence of all relevant information correctness of current years provision under this head could not be ascertained by us.</p>	
<p>13.5 Transportation Charges on Gunny Rs. 8,33,09,868.00</p> <p>An adjustment of Rs. 2,59,10,113.00 against earlier year has been made out of total payment for Rs. 8,91,84,876.00 during the year. Particulars of adjustment made during the year has not been furnished to us for verification. Further quantitative reconciliation of bags with that of quantity of gunny bags / bales procured during the year has also not been furnished to us for our verification.</p>	<p>Noted for future reference.</p>
<p>13.6 Handling Charges Rice on RRC-Custom Millers Rs.4,14,38,989.00</p> <p>13.7 Handling Charges Rice on FCI custom Millers Rs. 5,64,96,695.00</p> <p>Some of the districts have not incurred the above expenditure during the year for which sources of alternative handling arrangement has not been explained to us.</p> <p>In spite of our comments given in Audit report for the year 2017-18 that there were short provision in this head by Rs. 81,28,381.00 with respect to the adjustment of advances in the bills of Maa Lankeswari Traders and Brajendra Kumar Meher (Reference payment voucher dt.10/5/18 & 15/5/18) and the advance continue to remain unadjusted.</p> <p>However a sum of Rs. 1,92,04,598/- has been shown to be adjusted during the year against earlier years expense and with</p>	<p>The same is under examination and after due reconciliation if found necessary, needful adjustment will be made.</p>



Observation of Audit	Replies of Management
<p>current years provision for Rs. 2,79,33,214/- in both the heads.</p> <p>Full particulars of payment made, provision for current year's expenses, and adjustment in respect of above have not been furnished before us for verification.</p> <p>Status of accounting with consequential impact of revision of storage charges payable to CWC/OSWC Godowns at par with that of the FCI @ Rs 4.68 per 50KG(per bag) per month for the year 2016-17 with effect from 1.4.2016 and for subsequent period and subsequent revision in godown rent made if any up to the year ending 31st March 2019 interim of decision of Board of Directors of the company in their 185th meeting held on 25/2/2019 has not been furnished to us. It could not be commented by us due to non-supply of all relevant files and related information.</p>	
<p>14. REF: NOTE: 16 FINANCE COST Rs. 5,11,85,83,408.00</p> <p>14.1 Interest on Bank Loan Rs. 5,11,85,65,398.00</p> <p>Interest on bank loan for Rs 2,36,58,716.00 reversed by different banks and credited to the account interest on bank loan by the company during the year. Full particulars of such credit such as date of credit, period of interest it relates to, and copies of all related bank loan statements have not been produced before us for our verification so as to ensure its correctness.</p>	<p>Most of the bank information has been submitted to auditor for verification.</p>
<p>15. REF: NOTE: 17 ADMINISTRATIVE & OTHER EXPENSES: Rs. 15,70,39,966.00</p> <p>15.1 ERP/ SAP Rs.3,32,61,650.00</p> <p>The company has not capitalized ERP/ SAP expenses up to the year ending 31st March 2018 as per the assurance given by</p>	<p>The AG and Statutory auditor's comments will be examined and necessary, needful entries will be made. However process has been initiated to</p>



Observation of Audit	Replies of Management
<p>the Company in response to adverse comments made by us as well as CAG under Section 143(6) of the Companies Act 2013 nor the company has obtained any completion certificate regarding implementation of SAP from the Vendor nor obtained any certificate regarding date of put to use of Software till date. Consequently its impact over depreciation up to 31st March 2019 as well as fixed assets could not be ascertained.</p> <p>Copies of agreements, bills, vouchers and status of completion of above programme /project and period for which payment made or provision for current year's expenses to be made could not be ascertained due to absence of all the relevant information</p>	<p>resolve the issues in implementation of SAP.</p>
<p>15.2 M.Governance Rs. 54,84,044.00</p> <p>Copy of agreement/contract with CSM Technology (p)Ltd. along with copies of bills or voucher and status of M. Governance Project and expected date of completion etc. has not been furnished to us.</p>	<p>Most of the document has been available for verification.</p>
<p>15.3 CPMU Rs. 54,12,070.00</p> <p>Copy of file, agreement with M/s CSM technology (P) Ltd, copies of invoices and payment vouchers have not been made available to us for verification.</p>	<p>Most of the document has been available for verification.</p>
<p>16. <u>CONTINGENT LIABILITIES</u></p> <p>The company does not maintain any Memorandum register / records for cases filed against the company for any matters having financial implication, so as to assess the amount of Contingent Liabilities of the Company as on date.</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>17. <u>CAPITAL COMMITMENT</u> Estimated amount of contracts remaining to be executed on capital account but, not provided for in respect of assets under construction / advances against any other capital work has not been disclosed by way of a note.</p>	Noted for future reference.
<p>18. <u>OTHERS(NOTES ON ACCOUNTS)</u> 18.1 Claim for reimbursement of additional expenditure of Rs. 290.83 Crore towards interest cost and storage rentals incurred by the Company for carrying surplus CMR for the period from October 2012 to July 2014 has been submitted to Government vide its letter no. 22148 dt. 03.12.2013 and letter no. 15214 dt.08.08.2014. The said claim was under consideration by Government. The amount that will be received will be accounted for in the year of receipt. Latest status of the claim has not been intimated to us (Ref: Item No. 2(b) Note-2 Financial year 2016-17.</p>	Noted for future reference.
<p>18.2 The loss incurred on potato trade during the period from financial year 2013-14 & 2014-15 are Rs. 18,47,399.00 and Rs. 15,37,436.00 respectively The results of Potato trade has been communicated to Government vide letter no. 20987 dt. 18.11.2014. The result of Potato trade of the financial year 2015-16 was under examination by the committee constituted by Govt. vide their letter no. 23594 dt. 01.12.2016 on receipt of the decision of the Committee, the financial result will be quantified and disclosed. (Ref: Item No. 23 of Note-2 of financial year 2016-17).The present status of the same has not been intimated to us.</p>	Noted for future reference.



Observation of Audit	Replies of Management
<p>19. In absence of computation of timing difference for provision of Deferred Tax Assets / Liabilities, arising out of following different basis of charge of depreciation under provisions of Companies Act, 2013 and Income Tax Act, 1961 / Income Tax Rules 1962 and in view of non-payment of statutory liabilities in time, we are unable to quantify its impact over loss before subsidy for the year, provision for taxation including Deferred Tax Assets or Deferred Tax Liabilities as the case may be for the year.</p>	<p>As the corporation is showing its profit on a no profit and no loss basis, the deferred tax assets has not been prepared.</p>



ANNEXURE -E

Observation of Audit	Replies of Management
<p>Qualified Opinion</p> <p>According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the company's internal financial controls over financial reporting as at March 31, 2019:-</p> <ol style="list-style-type: none"> 1. Non- establishment or non-design of proper system of reporting criteria of internal financial controls based on the internal control over financial reporting considering the essential components of internal controls stated in the guidance note on “Audit of Internal Financial Controls over Financial Reporting” issued by the Institute of Chartered Accountant of India since inception may not ensure an orderly and efficient conduct of its business including adherence to Company's policies and the safeguarding of its assets and the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information and presentation thereof as required under the Companies Act 2013. 	<p>Noted for future reference.</p>
<ol style="list-style-type: none"> 2. The Company did not have appropriate internal control system for compliance of majority of the accounting standards of ICAI which could potentially result in to improper and inconsistent disclosure / lack of reliability of the financial statements. 	<p>Noted</p>
<ol style="list-style-type: none"> 3. The Company did not have an appropriate internal control system for maintenance of records in reasonable details accurately and fairly reflecting the 	<p>After implementation of SAP, the Asset Module of SAP is being use to record all transactions and disposition of assets which is quite rational.</p>



Observation of Audit	Replies of Management
<p>transactions and disposition of the assets of the company so as to ensure reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditure of the company are being made only in accordance with authorization of management and directors of the Company.</p>	
<p>4. The Company did not have an appropriate internal control system for timely and expeditious clearance/reconciliation/adjustment of old and dormant accounts of assets and liabilities which potentially could result into some changes in financial position and requiring substantial write off or write back or substantial adjustment in future affecting the future liquidity of the Company.</p>	<p>The old dormant accounts are being reconciled by CA firms engaged for the purpose. After such reconciliation actual amount of write back or substantial adjustment can be ascertained.</p>
<p>5. The company does not have an appropriate internal control system for timely and proper compliance of repeated adverse comments brought out by CAG Audit and Statutory Audit which could potentially result in some changes in the financial statements.</p>	<p>The company has a separate audit section which proactively dealt with all CAG audit and also statutory audit matters. Necessary compliance and needful steps are being taken on the recommendations of the Auditors.</p>
<p>6. The Company did not have an integrated ERP/SAP system including third party evaluation or System Audit. Different software packages used by the company are interfaced through software links or multiple manual interventions at many places leaving gaps between them. This could potentially result in to impaired financial reporting.</p>	<p>Different software packages implemented by the company are under process of integration and at different level of integration.</p>



Observation of Audit	Replies of Management
<p>7. The Company did not have an appropriate internal control system for implementation of its credit policy with respect to sales. This could ultimately result in to huge financial loss.</p>	<p>There are no credit sales is in the corporation as the company do transaction on prepaid system, so no credit policy is available.</p>
<p>8. The company did not have timely and effective internal audit system so as to cover all major areas with extensive scope. This could potentially result in to weak checks and balances and delayed or unreported financial irregularities.</p>	<p>The corporation engage CA firms for its internal audit of the Districts and HO and effectively the audit is conducted and is up-to-date. However the observation of auditor is noted and the scope of internal audit will be revisited to make it more effective.</p>
<p>9. The company did not have an appropriate internal control system for timely accounting of utilization of grants received from State Government as well as Central Government or any other authorities as well as advance paid out of such grant given to CSOs, Executive Engineers, Marketing Inspectors, Executive Officers of Municipalities and DRDA etc. for implementation of different works / welfare scheme of Government which could result in to timely non-booking of expense and delayed claim of subsidy or delayed capitalisation under/over capitalization of fixed assets and corresponding impact on the operational results as well as financial affairs of the company.</p>	<p>The company is submitting UC on the basis of actual expenditure timely. However care will be taken to ensure all the expenses against scheme is booked and UC submitted timely.</p>
<p>10. The Company did not have an appropriate internal control system to ensure the correct and adequate provision / liabilities against advance or adjustment against during earlier period's expenses out of payments during current year. This could potentially result in accounting of same expenditure either twice or omission or erroneous adjustment and may impair financial reporting.</p>	<p>Care will be taken to ensure correct and adequate provision to be made in accounts.</p>



Observation of Audit	Replies of Management
<p>11. The company does not have an appropriate internal control system for timely recognition of loss incurred on account of misappropriation of stock / shortage / damage involving huge and substantial amount on the basis of findings of approved special audit report for misappropriation and shortage / damage etc. This could result in to substantial loss of revenue having ultimate impacting claim over subsidy.</p>	<p>Noted for future reference.</p>
<p>12. The company did not have an appropriate internal control system for proper accounting of purchases as well as proper stock adjustment with respect to issue of relief materials, issue of Jute bags / other items and shortages / damages / misappropriation in a continuous and consistent manner and periodic reconciliation of balance with various suppliers / other government parties to whom it is issued. This could impact the operational results by way of loss of revenue as well as impair financial reporting.</p>	<p>Noted for future reference.</p>
<p>13. The company did not have an appropriate internal control system for periodic physical verification of stock including reconciliation of stock records with financial ledger and timely identification and accounting of shortage / damage or misappropriation of stock / loss due to natural calamity as well as improper inconsistent basis of valuation of stock which may impair financial report.</p>	<p>Physical verification of inventory is done in a continuous basis and periodically by the District officers of the corporation.</p>
<p>14. The Company did not have an appropriate internal control system for recording the fixed assets location wise, with proper identification in an orderly</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>manner as well as conducting periodic physical verification of fixed assets (both own assets and assets created out of grant). This could result in to timely non identification of shortage / theft or pilferage of obsolete and unserviceable items which ultimately cause financial loss to the company.</p>	
<p>15. The company did not have an appropriate internal control system for accounting of recovery and deposit of all the statutory dues as prescribed under different statutes. This could result in to impaired financial reporting as well as it may attract various penal consequences as prescribed under different statutes casing financial loss to the Company.</p>	<p>Care will be taken to comply all the statutory dues recovery and timely deposit by the Corporation. However at present also statutory related matters are being given due care and is being observed timely.</p>
<p>16. The company did not have an appropriate internal control system for identification and maintenance of record relating to staff retired or reverted to parent department or BDOs or any other Govt. Officials to whom huge advances were paid and remained unadjusted /unrecovered / un-reconciled for a long period. This could result into impaired financial reporting and changes in operational result of the company.</p>	<p>Care will be taken to adjust the huge balance related to BDO's and Govt officials and employees of the corporation.</p>
<p>17. The company did not have an appropriate internal control system for recording all pending legal cases filed by or against the company and guarantee issued /and absence of a robust mechanism for verification of bank guarantees furnished by various parties and periodic assessment of contingent liabilities. This could result in to impaired financial reporting.</p>	<p>Noted for future reference. However the legal matters are being reviewed by the management on a regular basis.</p>



Observation of Audit	Replies of Management
<p>18. The company did not have an appropriate internal control system including managements information system or speedy recovery mechanism of huge amount of misappropriation of stock and huge receivable and advances paid to various parties and timely and periodic reconciliation of data between various departments. This could result in to timely non-realization of dues and may impact operational results of the Company.</p>	<p>Noted for future reference.</p>
<p>19. <i>Details of risk identification, implementation measures to mitigate the loss arising from such risk and verification of the efficacy of control measures and the remedial steps taken for the discrepancies noticed including modification of control measures have not been furnished to us.</i></p> <p>A material weakness' is 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 financial statements will not be prevented or detected on a timely basis.</p> <p><i>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,</i>the company has in all material respects does not have an internal control system over financial reporting so as to be called adequate and as such we opine that the internal financial control over financial reporting were not operating effectively as at March 2019. Particularly in the absence of proper documentation on the internal control</p>	<p>Noted for future reference.</p>



Observation of Audit	Replies of Management
<p>over financial reporting criteria to be established by the Company, 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.</p> <p>We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of March 31, 2019 financial statements of the Company and these material weaknesses do not affect our opinion on the financial statements of the Company.</p>	



**OFFICE OF THE ACCOUNTANT GENERAL
(GENERAL & SOCIAL SECTOR AUDIT)
ODISHA : BHUBANESWAR**

Letter No. AMG-I (Tech)/Accounts/ OSCSC/2018-19/438

Dt. : 10.01.2022

To

The Managing Director,
Odisha State Civil Supplies Corporation Limited,
C/2, Nayapalli,
Bhubaneswar

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of Odisha State Civil Supplies Corporation Limited for the year ended 31 March 2019.

Sir,

Please find enclosed herewith, the Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on Financial Statements of Odisha State Civil Supplies Corporation Limited for the year ended 31 March 2019.

Three copies of the Annual Reports for the year 2018-19 placed before the Annual General Meeting of the Company may please be furnished to this office indicating the date of the meeting.

Yours faithfully,

Sd/-
Deputy Accountant General (AMG-I)

Encl. As stated above



**Comments of the Comptroller and Auditor General of India under
Section 143(6)(b) of the Companies Act, 2013 on the Financial
Statements of Odisha State Civil Supplies Corporation Limited for the
year ended 31 March 2019.**

The preparation of financial statements of Odisha State Civil Supplies Corporation Limited for the year ended 31 March 2019 in accordance with financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act, is 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 05 October 2021.

I, on behalf of the Comptroller and Auditor General of India have conducted a Supplementary Audit of the financial statements of Odisha State Civil Supplies Corporation Limited for the year ended 31 March 2019 under Section 143 (6) (a) of the Act . This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

A. COMMENTS ON DISCLOSURE

In the FPS automation process, the Point of Sale (PoS) devices were installed to digitize all the transactions of essential commodities. An amount of Rs. 36.43 crore received from the GoO was utilized by the Odisha State Civil Supplies Corporation Limited for installation of hardware to automate the FPS transactions. As per para 13(a) of Master Service Agreement for FPS automation under PDS system on 'Title to equipment & software' state that title to all equipment procured, developed, enhanced, prepared by the vendor (2nd party) shall rest with OSCSC/GoO in perpetuity. However, the tangible assets i.e. PoS devices installed for FPS automation amounting to Rs. 36.43 crore were not taken into the accounts of OSCSC. This fact of non-accountal of the assets should have been suitably disclosed along with the reasons for such non-accountal in the Notes on Accounts, forming part of financial statements. The Notes on Accounts is deficient to that extent.

Place : Bhubaneswar

Date : 10.01.2022

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

(MS. SMRITI)

ACCOUNTANTGENERAL (AUDIT-I)



Comments of the Comptroller and Auditor General of India on the Accounts of Odisha State Civil Supplies Corporation Ltd. for Financial Year 2018-19 and Replies of Management

Comments of C&AG	Replies of the Management
<p>In the FPS automation process, the Point of Sale (POS) devices were installed to digitize all the transactions of essential commodities. An amount of Rs.36.43 crore received from the GoO was utilised by the Odisha State Civil Supplies Corporation Limited for installation of hardware to automate the FPS transactions. As per para 13(a) of Master Service Agreement for FPS automation under PDS system on “Title to equipment & software” state that title to all equipment procured, developed, enhanced, prepared by the vendor (2nd party) shall rest with OSCSC/GoO in perpetuity. However, the tangible assets i.e PoS devices installed for FPS automation amounting to Rs.36.43 crore were not taken into accounts of OSCSCL. This fact of non-accountal of the assets should have been suitably disclosed along with the reasons for such non-accountal in the Notes on Accounts, forming part of financial statements. The Notes on Accounts is deficient to that extent.</p>	<p>Noted for future guidance</p>



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

BALANCE SHEET AS AT 31st MARCH 2019

Particulars	Note No.	As at 31 March, 2019	As at 31 March, 2018
		Amount (In Rs)	Amount (In Rs)
A EQUITY AND LIABILITIES			
1 Shareholders funds			
(a) Share Capital	3.1	11,03,32,000	11,03,32,000
(b) Reserves and Surplus	3.2	16,98,46,360	9,89,39,494
		28,01,78,360	20,92,71,494
2 Non-current liabilities			
Other Long Term Liabilities	4.1	2,75,45,21,337	2,55,88,00,358
		2,75,45,21,337	2,55,88,00,358
3 Current liabilities			
(a) Short-Term Borrowings	5.1	1,07,67,56,74,325	69,74,50,55,810
(b) Trade Payables	5.2	11,82,20,03,623	10,25,11,24,907
(c) Other Current Liabilities	5.3	4,96,94,46,105	5,12,84,54,811
(d) Short-Term Provisions	5.4	1,99,54,341	3,38,81,273
		1,24,48,70,78,394	85,15,85,15,991
TOTAL		1,27,52,17,78,090	87,92,65,87,843
B ASSETS			
1 Non-current assets			
(a) Fixed Assets 1			
Tangible Assets- Gross Block	6	58,63,92,465	51,50,29,396
Less Depreciation		27,96,66,240	26,63,65,474
Net Block		30,67,26,224	24,86,63,922
(b) Non-Current Investments	7.1	10,00,000	10,00,000
		30,77,26,224	24,96,63,922
2 Current assets			
(a) Inventories	8.1	65,52,57,14,202	35,19,93,29,717
(b) Trade Receivables	8.2	7,93,88,24,589	7,69,14,26,166
(c) Cash and Cash Equivalents	8.3	4,55,68,34,193	1,33,41,16,754
(d) Short Term Loans and Advances	8.4	42,35,62,877	33,01,90,007
(e) Other Current Assets	8.5	48,76,91,16,005	43,12,18,61,277
		1,27,21,40,51,866	87,67,69,23,921
TOTAL		1,27,52,17,78,090	87,92,65,87,843

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

STATEMENT OF PROFIT & LOSS

Particulars	Note No.	For the year ended	For the year ended
		31 March 2019	31 March 2018
		Amount(In Rs)	Amount(In Rs)
A Revenue from Operations			
1 Sales of Product	9	35,46,52,73,037	40,80,84,77,264
2 Other Income	10	1,78,67,64,872	1,55,51,26,943
3 Changes in Inventories	11	30,32,63,84,486	
Total		67,57,84,22,395	42,36,36,04,207
B Expenses			
4 (I) Changes in Inventories	11		5,66,85,91,179
(II) Purchases of Stock-In-Trade	12	1,11,04,16,74,858	82,91,45,33,651
(III) Trade Expenses	13	3,99,99,53,585	3,56,95,77,963
(IV) Procurement Expenses	14	8,96,73,64,355	8,85,90,24,856
(V) Employee Benefits Expenses	15	60,38,97,185	93,23,61,382
(VI) Finance Costs	16	5,11,85,83,408	4,73,45,85,387
(VII) Depreciation	6	1,46,72,015	79,79,611
(VIII) Administrative & Other Expenses	17	15,70,39,966	10,28,89,651
Total		1,29,90,31,85,372	1,06,78,95,43,680
5 Loss Before Subsidy		62,32,47,62,977	64,42,59,39,473
6 Subsidy From Government		62,32,47,62,977	64,42,59,39,473
7 Net Profit/ Loss for the year		-	-

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

2018-2019

Note-1

Significant Accounting Policies

1 Basis of preparation of Accounts:

- 1.1 The Accounts have been prepared under the historical cost convention, following going concern concept, Accounting Standards and generally accepted accounting principles except otherwise stated elsewhere.
- 1.2 Revenues / Income and costs / expenditures are generally accounted on accrual, as they are earned or accrued.
- 1.3 The Accounts have been prepared on 'no profit no loss' basis as per Government directives.

2 Revenue Recognition:

- 2.1 Revenue from sale of PDS goods is recognised at the point of delivery of goods to the retailers. In case of Model Fair Price Shops and Mobile Vans, sale of goods is recognised at the point of delivery to the consumers. Sale of non PDS goods on market intervention revenue is recognised at the point of delivery to Consumers.
- 2.2 Dividend Income on investments is accounted for as and when the right to receive the payment is established.
Interest Income is accrued on a Time Proportion Basis, by reference to the principal outstanding and effective interest rate applicable. The 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 made. Revenue is measured when consideration received/receivable net of the discounts, taking into account contract defined terms and excluding taxes or duties collection on behalf of the Govt.
- 2.3 Revenue on sale of CMR to FCI is recognised when CMR is delivered and ownership is transferred to FCI.
- 2.4 Subsidy from GoI & GoO are provisional in nature. As & when Subsidy Received from Government of India and Government of Odisha are accounted for on cash basis disclosed under the head "Advance Subsidy Account". Since OSCSC is a no profit no loss organisation, this deficit in the account is recouped to that extent from Advance Subsidy Account.

3 Fixed Assets:

- 3.1 Fixed Assets are stated at Historical Cost less Accumulated Depreciation, Depreciation on tangible Fixed Assets have been provided on the Straight Line as per the useful life prescribed in Schedule II of the Companies Act, 2013.
- 3.2 Lease Hold Land is amortized over its life period of 90 years on Straight Line Method.
- 3.3 Depreciation on Addition/ Deduction during the year is provided as per provision under



Companies Act, 2013 considering the useful life of Assets & Salvage Value thereof as provided in Part C, Schedule II of the Companies Act, 2013.

3.4 None of the Fixed Assets has been revalued during the year.

4 Investments:

Investments held by the Corporation, which are Non Current in nature, are stated at cost unless there is any permanent diminution in value. Current investments are stated at lower of Cost or NRV.

5. Inventories:

Inventories are valued at purchase price and other ascertainable direct cost incurred in bringing the inventories to their present location and condition. Interests incurred in course and during storage of Paddy and Rice have been treated as cost incurred in bringing the inventories to their present location & condition.

6. Government Subsidy (Capital):

Grants related to the depreciable assets are treated as deferred income w.e.f. 1-04-1994 and is recognised in the profit and loss statement on a systematic and rational basis over the useful life of assets.

7. Government Subsidy (Revenue):

Subsidy on Rice issued under public distribution system is released provisionally by the State Government/ Central Government from time to time and final adjustment of subsidy is done only after the accounts are finalised. Surplus generated by the corporation in other transactions is set off against subsidy released. The excess released subsidy after set off is shown as advance subsidy and the deficit after set off is shown as subsidy receivable from Government of Odisha and Government of India.

8. Retirement Benefits:

8.1 The Corporation has taken LIC Group Policy in respect of future gratuity payment liability to its employees. Annual premium paid to LIC is charged to expenses towards gratuity.

8.2 Provident fund and Family Pension contribution are deposited with statutory authorities.

8.3 Leave Salary & Pension Contribution for employees of Government on deputation have been accounted on the basis of advice received from AG Odisha.

9. Contingent Liabilities:

Contingent liabilities are not provided for and are disclosed separately in the notes.



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

2018-2019

Note-2

Notes on Accounts

1. a) Inventories are valued as follows:
 - a) Paddy: (i) Paddy with PPC at purchase price (MSP).
(ii) Paddy with millers at purchase price (MSP), VAT, Market fees, commission to societies and interest incurred during storage period.
 - b) Rice: (i) Custom Milled Rice with Rice Receiving Centres (RRC) at Economic cost of GoI.
(ii) Custom Milled Rice with Millers at acquisition cost less expense accrued but not due.
(iii) Custom Milled Rice at MFPS valued at Economic cost.
 - c) Wheat: Procured from FCI valued at purchase price (CIP).
 - d) Gunny Bales: Average Purchase Price of Indents corresponding stocks at the end of the Financial Year.
 - e) Others (K.Oil, LPG items): Purchase Price
2. A sum of Rs.4651.01 Cr. and Rs.1043.32 cr. have been received during the year from Govt. of India & Govt. of Odisha respectively towards subsidy against claim of Provisional Subsidy of Rs.5386.91 Crore to Govt. of India and Rs.877.59 Crore to Govt. of Odisha. An amount of Rs.6232.48 Cr. has been credited to profit & loss account to the extent of excess of expenditure over income for the year and the balance amount is accounted under Advance Subsidy Account in accordance with decision of government and as per accounting policy of the corporation followed consistently.
OSCSC has submitted Procurement Account up to KMS 2016-17 to GoI for finalisation of procurement incidentals. The claim of OSCSC is under examination at GoI level. The additional amount of subsidy that will be receivable / refundable after such finalisation of cost sheet would be accounted for in the year of receipt/payment.
3. Balance appearing in the current assets and current liabilities which are due from & dues to outsiders are subject to confirmation.
4. The Corporation is functioning on no profit and no loss basis due to set off of surplus generated against the subsidy claims receivable from Government of Odisha and Government of India on account of operation of subsidised schemes and DCP operation of paddy. Subsidy released by Government of India for paddy procurement under DCP schemes is based on provisional economic costing and is limited to actual expenditure incurred as per guidelines of Government of India.



5. Remittance within corporation offices includes many old balances which needs reconciliations.
6. The title deeds of the land on which construction of godowns completed are yet to be executed in the name of the corporation.
7. The extra cost on Transportation charges receivable from FCI due to lifting of stock other than the base depots is accounted for on cash basis.
8. Some Bank Accounts of the districts and paddy purchase centres, Inter district stock transfer, Purchase of Paddy at DPC, Millers Accounts, Gunny Accounts with DGS&D and millers have not been reconciled. The qualification of such non-reconciliation and effect thereof will be ascertained and given effect in the accounts of subsequent years after reconciliation.
9. As per decision of Government of Odisha, Primary Agricultural Cooperative Societies (PACS) have been engaged for purchase of paddy on behalf of the corporation. The original books of accounts on purchase of paddy are with PACS. The paddy delivered to custom millers of OSCSC Ltd at district level by PACS is accounted for as "Purchases of Paddy". From KMS 2016-17 (Commencing from October 2016), the dues of the farmers against paddy procured are paid by way of transfer of funds to the bank accounts of farmers from account of OSCSC maintained at OSCB. The difference between the cost of paddy purchased till 31.03.2019 and amount debited to our account at OSCB has been disclosed as "MSP payable to the farmers".
10. Contingent Liability of Rs.6,43,66,030/- for the demand made by the Assessing Officer, Income Tax for the Assessment Year 2010-11 (Previous year 2009-10). Appeal against said demand was filed before Commissioner of Income Tax(A)-2.
Commissioner of Income Tax (A) - 2, Bhubaneswar has disposed of the appeal in favour of OSCSC and remanded to Assessing Officer for reassessment. Department has gone on appeal against the orders of CIT (A), before ITAT, Cuttack. Meanwhile, Income Tax Department has refunded Rs.5,72,78,470 which includes Rs. 3,21,83,015 deposited with Department against demand for A.Y 2010-11 and balance towards interest.
11. The Accounts of the corporation is prepared on 'no profit no loss' basis. However Rs.2,99,71,296 shown as "Reserve & Surplus" is the accumulated profit up to the financial year 1988-89.
12. The amount payable to the statutory auditors.

a)	As auditors -	Towards fees	Rs.5,00,000
	-	Towards expenses	Rs.50,000
b)	As advisor or in any other capacity in respect of:		
		Taxation matters	Nil
		Company Law matters	Nil
		Management Services	Nil
c)	In any other matter:		
d)	As auditor u/s 44AB of Income Tax Act		Rs.50,000/-
e)	As auditor u/s 65(3) of GST Act		Rs.75,000/-
13. As per requirement of Clause 4 of Part-II of Schedule VI of the Companies Act, the detail of managerial remuneration for the year is as below.



- a) Remuneration by way of Salary & Allowances to Managing Director:
- | | |
|---------|--------------|
| 2017-18 | Rs.18,11,431 |
| 2018-19 | Rs.18,51,906 |
- b) Remuneration by way of Salary of FA & CAO (Director):
- | | |
|---------|--------------|
| 2017-18 | Rs.13,87,739 |
| 2018-19 | Rs.17,82,506 |
- c) Honorarium & House rent to Chairman:
- | | |
|---------|---------|
| 2017-18 | Rs. Nil |
| 2018-19 | Rs. Nil |
14. Funds received from Government of Odisha for implementing different scheme are accounted & shown under separate head like "Corpus Fund Account", "Digitisation of ration card Account", "End-to-end Computerisation Account", "Capital Assets for PDS", "DFID-OMEGA Account" etc. The funds so received are deposited in cash credit account except in cases where there is specific direction from Govt. of Odisha for parking the funds under the scheme in Fixed/Flexi account. Interests accrued out of the Term deposits kept in banks out of such funds, and expenditures are debited/credited to the respective Scheme Account. OSCSC submits Utilisation Certificate (UC) to Govt. for expenditure incurred, from time to time. There is some difference in funds available as per UC and balance in the accounts as depicted in Note No 4.1. Such difference is being reconciled.
15. (i) OSCSC has been using godowns constructed under the scheme "PEG 2009" of GOI since 2011. These godowns constructed by CWC (162500 MT) and OSWC (97000 MT) under the above said scheme are used for storage of CMR & Wheat. Food Corporation of India makes payment to the agencies and as per the provisions in the scheme, the storage rent for these godowns is reimbursed by GOI to FCI. Hence no expenditure has been booked in the accounts.
- (ii) OSCSC has utilised 11 godowns each 5000 MT constructed under Central PEG 2009- 2nd phase for storage of CMR & Wheat. The rent is booked under Godown Rent. As per the scheme, the rent is reimbursable by FCI on behalf of GOI, and has been disclosed under " Other Income" as reimbursement of Godown Rent from FCI. The figure includes Rs.12,39,65,386/- receivable from the FY 2015-16 to 2018-19.
16. AS-17 Segment Reporting is not applicable to the Corporation , since the Corporation is dealing with food grains only.
17. Cash Flow Statement has been prepared following indirect method.
18. The Corporation has claimed Rs.38788.08 crores towards subsidy from Govt. of India under decentralised paddy procurement operation for the period from FY 2003-04 to 2018-19 against the receipt of Rs.36543.75 crore. Similarly, the Corporation has received Rs.10961.34 crores towards subsidy for the period from 2004-05 to 2018-19 for distributing rice at subsidised rate against the claim of provisional subsidy of Rs.10860.98 crore from Govt. of Odisha.
19. Balance lying in other long term liabilities and non-current Investment are unconfirmed and unreconciled.
20. Dues to suppliers registered under the Micro, Small and Medium Enterprises Development (MSMED Act 2006) under Trade payable has not been ascertained.



21. A sum of Rs.1,07,46,663 has been received during the F.Y.2017-18 & 2018-19 towards Auction Sale of Paddy of Q11,266.39 kept under mill premises of M/s Chandraprava Rice Mills, Bhadrak District (Rs.78,90,480/- FY 2017-18 & Rs.28,56,183/- FY 2018-19) out of which Rs.1,03,60,695/- has been deposited in the FY 2018-19 with the Register, Hon'ble High Court, Odisha as per the direction of Hon'ble High Court, Odisha vide WPC case No13217/2016. Similarly a sum of Rs.93,56,592/- has been received during 2018-19 towards auction sale of paddy of Q10,067.05 kept under the Mill premises of M/s Bharati Rice Mill, Bhadrak district and the entire amount of Rs.93,56,592/- has been deposited during the year 2018-19 with the Register, Hon'ble High Court vide WPC case No 14654/2016. The above amount of auction sale under dispute and deposit with Register, Hon'ble High Court has been shown under liability and Assets respectively since the matter is subjudice.
22. Certain Assets & Liabilities, Advances & Deposit as at 31-03-2017 have been identified by the Management as old, dormant, un-reconciled & unconfirmed. The jobs of reconciliations in respect of the above have been entrusted to some CA firms.
23. The Corporation has received a demand notice from Sale Tax authorities towards interest of Rs.33,57,258/- u/s 34(1) and penalty of Rs.6732667/- u/s 34(2) of VAT Act payable during the FY 2017-18 which could not be provided during 2017-18. The same will be accounted for during the year of payment.
24. Application support & Maintenance expenses of recurring nature have been incurred after implementation of SAP/ERP. Such expenditure is towards providing hands on training & guiding the staff to maintain Accounts through SAP. This is thus a part of Human Resource Development expenditure & booked to profit & loss Account.
25. The opening balances in respect of Office Building, Godown, Plant & Machinery and Office Equipment have been splitted and shown separately under the respective creation of capital assets. The amount of CWIP shown in the Note No 6 has been included in the total Gross Block of the Assets.
26. In 190th Meeting of Board of Directors held on 24-08-2020, it was decided to let out small & unscientific godowns on rent basis to Govt. of Odisha. However such let out has not yet been effected.
27. The accounts of the Corporation maintained in SAP/ERP has been integrated with different applications/ modules namely Paddy Procurement Automation Systems (PPAS), Delivery Certificate Module(DC) & Supply Chain Management System(SCMS). Purchase Account of Paddy, Stock Account of Paddy & CMR with Custom Millers and Stock account of Rice & Wheat at RRCs are based on reports of these applications & Modules.
28. Figures relating to previous year have been regrouped, rearranged or reclassified wherever necessary to make those comparable with the current year figures.
29. All the figures in the statement of accounts have been rounded off to nearest rupee.

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner

M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-3.1: SHARE CAPITAL

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Authorised		
150000 Shares of Rs.1000/- each	15,00,00,000	15,00,00,000
Issued, subscribed & paid up		
110332 Shares of Rs.1000/- each fully paid up	11,03,32,000	11,03,32,000
Total	11,03,32,000	11,03,32,000

Name of the Shareholder	No. of Shares Held (Face value of Rs.1000 each) % of Total Shares	No. of Shares Held (Face value of Rs.1000 each) % of Total Shares
Hon'ble Governor of Odisha	110332	100

The Corporation has only one class of shares referred to as equity shares having a par value of Rs.1000/ -. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Corporation, the holders of equity shares will be entitled to receive any of the remaining assets of the Corporation, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-3.2: RESERVE & SUPLUS

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
A. Surplus in Statement of Profit & Loss		
Opening Balance	2,99,71,296	2,99,71,296
Profit for the year	-	-
Closing Balance	2,99,71,296	2,99,71,296
B. Capital Reserve		
Opening Balance	6,89,68,198	7,30,24,388
Add During the Year	8,82,89,267	
Less Written Back/ Adjusted during the Year	1,73,82,402	40,56,190
Closing Balance	13,98,75,064	6,89,68,198
Total (A + B)	16,98,46,360	9,89,39,494

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-4.1: OTHER LONG TERM LIABILITIES

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Security Deposit Received		
Security Deposit from Ex SA/C.Millers/Tr.Cont	20,02,62,942	20,02,37,264
Security Deposit for Godown-PEG	1,76,18,000	11,93,000
Security Deposit from Gas Agency	28,01,186	28,01,186
Security Deposit for Cylinder	2,25,59,153	2,06,14,585
Security Deposit from FPS for POS Machine	8,92,51,445	7,66,12,519
Security Deposit for P.PASS	1,93,982	1,93,982
Initial Security Deposit-ISD	36,815	
Additional Performance Security-APS	16,497	
Security Deposit received from Others	15,42,311	5,31,730
Earnest Money Deposit - EMD	3,34,07,150	3,28,49,704
Performance Guarantee fee from ERP-SAP Vendor	17,40,400	12,48,546
Schematic Fund Received From Govt.		
End to End Computerisation	6,64,82,969	9,89,60,927
Digitization of Ration Card	29,17,19,704	26,89,48,015
FPS Automation	38,88,88,076	36,42,54,189
FPS Automation-License	20,00,000	
Market Intervention Fund	80,00,06,073	50,35,81,658
Village Grain Bank Scheme	3,82,625	3,82,625
DFID (OMEGA)	6,60,68,394	6,60,68,394
VGF for State PEG	4,50,29,582	7,08,75,000
Creation of Capital Assets	12,90,86,740	20,86,81,007
Amount Received From Govt for Cap Storage	93,25,710	93,25,710
Ineligible Ration Card Holders	14,57,03,328	16,44,04,261
Special Draught Assistance-SDA	1,49,14,360	1,28,09,273
MI Sectorial Office	5,64,000	5,64,000
Corpus Fund	14,23,58,329	17,14,06,518
Relief	27,23,72,354	27,24,56,263
IEC-Information, Education & Communication	1,02,95,836	98,00,000
Total	2,75,45,21,337	2,55,88,00,358

For GNS & Associates
Chartered Accountants

Sd/-
(CA NARAD P. SAHU)

Partner

M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-5.1: SHORT TERM BORROWINGS

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
From Bank- Secured		
Short Term Loans	25,02,81,73,745	22,99,88,55,873
Cash Credit Loan	82,64,75,00,580	46,74,61,99,937
Total	1,07,67,56,74,325	69,74,50,55,810

Note: The above loan is secured against hypothecation of stock of Paddy and CMR of OSCSC at millers premises and at RRC and Subsidy receivable from Govt. of India and Govt. of Odisha.

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-5.2: TRADE PAYABLES

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Sundry Creditors-Suppliers-Goods		
MSP Payable to Farmers	68,19,10,536	80,28,24,671
Dues to Jute Commissioner	96,70,58,173	
Dues to Kerosine Oil Vendor	10,29,446	
Suppliers Bills Payable	68,04,310	66,71,186
Sundry Creditors-Suppliers-Services		
Dues to Custom Millers	2,42,03,71,414	2,23,07,24,923
Dues to Transport Contractors	71,89,17,793	70,52,36,494
Dues to Handling Contractor	9,19,15,246	12,34,73,138
Dues to PACS	3,59,72,07,303	3,83,47,44,857
Dues to WSHG	11,31,61,579	11,43,33,679
Dues to Pani Panchayat	2,62,551	2,62,551
Godown Rent Payable	25,94,50,905	14,39,79,269
Dues to Storage Agents(SA)	18,65,10,598	18,66,02,647
Dues to RMC	2,51,93,91,164	1,86,83,93,285
Holding Charges	4,42,08,745	4,07,93,866
NSIC	1,79,44,450	
Dues to Other Agencies	8,79,19,419	8,79,19,419
Dues to SA cum GA	91,29,307	85,16,482
Others Service	32,14,760	
GST Payable	5,10,182	15,62,110
Excess/Short Deposit from FPS	48,59,530	48,59,306
Agent Money Dep.by Agent by order of High Cou	4,91,938	4,91,938
Advance from Sugar Mill	8,18,40,593	8,18,40,593
Differential Cost to be settled	43,53,340	43,53,340
Dues to MI	35,40,342	35,40,342
Total	11,82,20,03,623	10,25,11,24,097

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-5.3: OTHER CURRENT LIABILITIES

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Dues to Dept./Govt./Govt.Agencies		
Dues to BDO	1,17,180	1,17,180
Dues to DRDA	3,53,19,696	3,53,19,696
Dues to DSWO	9,07,70,138	9,07,70,138
Dues to Collectors	8,04,94,324	8,04,94,324
Dues to FS & CW Deptt.	17,28,58,684	17,28,58,684
Advance from Govt./Govt.Agencies		
Advance Received from Collector on Relief A/c	8,52,61,112	8,52,61,112
Advance Received from FS & CW Deptt.	12,68,960	23,86,845
Advance Received from A&FE Dep-Millet Mission	33,00,000	
Advance Received from EO Relief	49,57,811	52,43,853
Advance Received from Desk Officer	1,95,818	1,95,818
Advance Received From CSO	5,03,456	5,03,456
Advance Received from BDO	54,99,220	54,94,316
Advance Received from DSWO	2,67,49,132	2,67,49,132
Advance from DRDA	24,48,302	24,48,302
Trade Advance From Storage Agents,FPS &Others	1,49,50,79,001	1,53,42,66,122
Withheld Amount Refundable	48,48,19,476	48,10,32,307
Recoveries from Employees	17,81,151	14,57,536
Recovery Cost of POS Machine	33,500	
Auction Sale of Paddy Under Dispute	2,01,03,255	78,90,480
EPF	27,51,633	41,52,966
PRAN	13,80,852	4,86,059
Gratuity Received from LIC	18,31,694	
Professional Tax	7,04,226	5,17,572
Salary Payable	22,79,95,665	35,90,93,452
Bonus Payable	1,21,266	1,21,266
Revolving Fund from Govt.	1,28,40,610	1,28,40,610
Stale Cheque	9,13,490	9,13,490
Excess Credit by Bank	9,09,030	9,04,242
Dues to Service Provide Agency	2,74,40,117	49,65,431



House Rent Payable	8,43,093	11,693
SICA	2,573	2,573
Cess/Royalty	17,713	4,100
Seized Stock on Paddy	1,63,328	1,63,328
RM Payable to FPS	1,17,33,333	1,17,33,333
Dues to RCMS	43,300	43,300
Dues to Roller Flour Mill	89,47,674	89,47,674
Dues to PPC Staff	57,291	57,291
Dues to PMU	28,66,416	28,66,416
Dues to Godown Supervisor	15,21,430	15,21,430
Liabilities for Expenses	66,36,63,581	69,44,18,872
TDS Payable	4,49,66,714	5,91,83,216
TDS on GST Payable	1,31,53,662	
Control Account A/c (5.3A)	1,43,30,17,196	1,43,30,17,196
Total	4,96,94,46,105	5,12,84,54,811

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Annexure - 5.3(A) CONTROL ACCOUNT

Particulars	As at 31.03.2019 (In Rs)	
	DEBIT	CREDIT
Angul Control A/C	1,25,92,92,735	
Baleswar Control A/C	1,36,38,38,252	
Baragarh control A/c	12,50,30,92,338	
Bhadrak control a/c	5,82,43,53,424	
Bolangir control a/c	6,87,27,13,515	
Boudh control a/c	1,89,89,53,202	
CSO Control A/C	1,58,87,633	
Cuttack control a/c	1,66,13,16,080	
DPC control a/c	1,28,68,709	
Deogarh control A/c	1,45,26,12,881	
Dhenkanal Control A/c	1,69,57,46,431	
District Control A/c		54,72,03,00,593
District Sublimit A/c		1,16,50,680
Gajapati control a/c	2,18,68,58,314	
Ganjam control a/c	7,32,65,71,993	
Govt. Control A/C	4,50,000	
Head office control A/c		60,57,85,60,170
Inter Bank Transfer		12,42,28,727
Inter unit Adjustment	5,07,72,314	
Jagatsinghpur control A/c	1,35,32,23,973	
Jajpur control A/c	1,94,12,54,533	
Jharsuguda control A/c	1,56,02,83,068	
Kalahandi control A/c	9,79,69,21,724	
Kandhamal Control A/c	2,27,78,856	
Kendrapada control A/c	1,26,18,54,863	
Keonjhar control A/c	4,13,64,43,865	
Khurda control A/c	1,17,37,94,774	
Koraput control A/c	5,78,90,65,260	



M.V.Control A/C	31,81,946	
MFPS Control A/C		2,78,59,733
Malkangiri control A/c	4,06,82,03,768	
Mayurbhanj Control A/c	2,23,24,59,239	
Nabarangapur control A/c	4,42,56,26,236	
Nayagarh control A/c	2,75,79,74,338	
Nuapada control A/c	2,22,38,44,451	
Phulbani control A/c	1,08,66,63,009	
Procurement Control A/C	18,71,28,030	
Puri control A/c	1,60,90,90,309	
Rayagada control A/c	6,52,92,89,793	
Remittance with in corporation chuda		6,94,000
Remittance with on Corporation Dal	1,99,995	
Remittance with on Corporation P.oil		21,21,08,887
Remittance with on Corporation Potato	28,640	
Remittance with on Corporation Rice		12,28,967
Remittance with on Corporation Sugar		2,77,19,999
Remittance with on Corporation Wheat		2,25,34,991
Sambalpur Control A/C	6,70,98,25,693	
Sonepur Control A/C	6,81,42,78,023	
Sundargarh Control A/c	4,48,42,89,610	
Transfer of funds	8,37,734	
Total	1,14,29,38,69,552	1,15,72,68,86,748
NET		1,43,30,17,196

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-5.4: SHORT TERM PROVISIONS

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Provision for Audit Expenses	88,90,933	69,54,293
Provision-Leave Salary & Pension Contribution	1,10,63,408	2,69,26,980
Total	1,99,54,341	3,38,81,273

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Fixed Assets statement for the financial 2018-19

(Figures in Rs)

Note - 6

Sl. No.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Original Cost	Addition during the year	Sold during the year	TOTAL	Up to 31.03.2018	For the year	Sold during the year	TOTAL	As at 31.03.2018	As at 31.03.2019
1	Leasehold-Land	2,24,888			2,24,888	88,219	2,499		90,718	1,36,669	1,34,170
2	Office Building	1,23,32,941			1,23,32,941	53,19,085	1,28,414		54,47,499	70,13,856	68,85,442
3	Office Building-CCA	4,95,19,751	47,74,431		5,42,94,182	6,46,767	8,44,854		14,91,621	4,88,72,984	5,28,02,561
4	Godown	22,92,52,576	5,55,617		22,98,08,193	10,10,09,798	23,49,019		10,33,58,816	12,82,42,778	12,64,49,377
5	Godown-CCA	1,81,61,539	2,57,07,174		4,38,68,713	49,91,813	6,38,629		56,30,442	1,31,69,726	3,82,38,271
6	Plant & Machinery	18,09,438	1,00,389		19,09,827	12,43,844	58,679		13,02,523	5,65,594	6,07,304
7	Plant & Machinery-CCA	1,21,87,841			1,21,87,841	30,45,838	6,49,189		36,95,027	91,42,003	84,92,814
8	Furniture & Fixtures	2,53,32,576	2,32,058		2,55,64,634	1,92,84,970	6,08,304		1,98,93,274	60,47,606	56,71,360
9	Office Equipment	3,14,08,283	11,16,936	1,74,339	3,23,50,880	2,53,15,955	13,03,562	1,56,922	2,64,62,595	60,92,327	58,88,284
10	Office Equipment-CCA	26,81,524			26,81,524	26,71,321	20		26,71,341	10,203	10,183
11	Electrical Installations	33,21,334	5,74,217		38,95,551	11,04,000	2,82,016		13,86,015	22,17,334	25,09,536
12	Vehicle/Motor Cars	7,72,87,023		12,18,603	7,60,68,420	7,59,13,743	1,77,177	12,14,326	7,48,76,595	13,73,279	11,91,825
13	Bicycle	10,892			10,892	9,751	313		10,064	1,141	828
14	Computers	2,97,07,790	45,74,059		3,42,81,849	2,46,10,193	23,65,578		2,69,75,771	50,97,597	73,06,078
15	Computers-Network, Server & Software	2,17,91,001	1,57,81,970		3,75,72,971	11,10,176	52,63,763		63,73,939	2,06,80,825	3,11,99,032
16	Asset Under Construction-CWIP		1,93,39,160		1,93,39,160						1,93,39,160
	TOTAL	51,50,29,396	7,27,56,011	13,92,942	58,63,92,465	26,63,65,474	1,46,72,015	13,71,248	27,96,66,240	24,86,63,922	30,67,26,224
	Previous Year	42,65,06,071	9,13,38,193	28,14,868	51,50,29,396	26,11,78,812	79,79,611	27,92,949	26,63,65,474	16,53,27,259	24,86,63,922

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekanda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-7.1: NON-CURRENT INVESTMENTS

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Investments-OCCF (Unquoted: 1000 equity shares of Rs.1000/- each of OCCF fully paid)	10,00,000	10,00,000
Total	10,00,000	10,00,000

Note: The market value of investment is not known as the shares are unquoted. Diminution in value of shares if any is not ascertainable. Accordingly value of shares is stated at cost. No dividend has been received during the year.

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-8.1: INVENTORIES

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Rice	24,37,173	1,70,97,286
Wheat	13,72,998	1,84,95,095
Sugar	4,89,395	4,89,395
New Gunny Bales	80,09,68,041	91,18,49,083
Kerosine Oil	2,72,997	1,68,871
Old Empty Gunny bags	58,368	2,13,751
CMR with Custom Millers	9,07,62,73,095	6,94,25,82,339
CMR at Godown (RRC)	20,03,43,47,811	9,49,04,58,743
Paddy with Custom Millers	35,59,67,77,573	17,78,29,03,651
Gas Refills	15,03,264	6,95,889
Gas Accessories	2,62,843	2,23,450
Stock in Transit-CMR	1,09,50,644	3,33,78,626
Stock in Transit-Paddy		2,80,873
Stock in Transit-Wheat		4,92,665
Total	65,52,57,14,202	35,19,93,29,717

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-8.2: TRADE RECEIVABLES

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Less than SIX Months (Unsecured)		
Dues from-FPS		2,79,92,879
Dues from-FCI	25,40,97,502	7,24,82,82,095
Amount Receivables From MARKFED		1,44,812
Annapurna Scheme A/c	40,77,01,531	41,44,00,610
More than SIX Months (Unsecured)		
Others	6,05,770	6,05,770
Dues from FPS	2,79,92,879	
Dues from FCI	7,24,82,82,095	
Amount Receivable from MARKFED	1,44,812	
Total	7,93,88,24,589	7,69,14,26,166

Note: Trade Receivables for Rs. 6,05,770/- relates to sale of Petrol, Oil and Lubricants made to various Govt. dept. & agencies and thus not considered as bad & doubtful debts.

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-8.3: CASH & CASH EQUIVALENTS

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Cash in Hand	68,96,344	72,25,856
Cash at Bank	1,65,59,44,185	80,26,84,578
Fixed Deposit	95,31,54,246	12,54,57,025
Corpus Fund (Saving Flexi A/C)	25,641	3,14,30,548
Punjab & Sind Bank Savings Flexi A/c	10,00,000	
PNB-Bank Savings Flexi A/c (Kolkata-JC)	1,44,28,50,000	
Bank Drafts in Hand	5,97,265	2,59,798
Remittance in Transit	44,18,00,382	31,56,53,199
Outstanding Sale proceeds	5,45,66,130	5,14,05,751
Total	4,55,68,34,193	1,33,41,16,754

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-8.4: SHORT TERM LOANS AND ADVANCES

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Adv.for Const./Renov.of Godown/Off.Building	3,93,76,525	4,36,07,468
Advance for Creation of Capital Asset	4,69,81,586	
Advance for NFSA Expenses	4,78,43,196	4,58,81,947
Advance for SFSS Expenses	3,51,42,651	
Advance for PEETHA Expenses	4,02,750	
Security Deposit	2,04,68,776	1,96,70,004
Advance to Employees	9,50,41,412	9,66,44,508
Advance to RRC	10,000	10,000
Advance to MFPS	50,000	50,000
Advance to/from BDO	4,13,072	3,23,272
Advance for Legal & Professional fees	6,90,750	2,12,450
Provisional Deposit with Sale tax Deptt.	3,35,726	3,35,726
Advance to Secy.RWCC Store	10,38,259	10,38,259
Advance to OSWC	4,20,25,468	4,19,82,394
Advance to OSWC for Storage&Reservation	30,96,000	
Advance to FS & CW Dept.	8,70,166	8,70,166
Pipeline A/c	11,09,476	11,09,476
POSB A/c	2,11,823	2,11,823
Stolen Cheque	59,90,525	59,90,525
Income Tax	4,56,28,710	3,60,39,850
Amount Receivable from Employees	5,43,270	5,43,270
Amount Receivable From Insurance.Co	9,99,959	7,99,069
Amount Recoverable From R.Pattnaik,SA,KHURDA	31,640	31,640
Amount Recoverable From T.Roy,SA,Khurda	47,571	47,571
Amount Recoverable from CWC-Junagarh	13,83,171	13,83,171
Dues from MDM Contractor	1,55,929	1,55,929
Corporate Tax	3,21,83,015	3,21,83,015
GHIP-Group Health Insurance Premium	14,70,450	10,47,472
Advance for PDS Training	21,000	21,000
Total	42,35,62,877	33,01,90,007

For GNS & Associates
Chartered Accountants

Sd/-
(CA NARAD P. SAHU)

Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-8.5: OTHER CURRENT ASSETS

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Advance Subsidy	37,90,01,97,686	32,51,67,36,708
Amount Receivable from Govt./Govt.Agencies		
Amount Receivable from DRDA	47,49,424	47,49,424
Amount Receivable from OSWC	59,33,394	59,33,394
Amount Receivable from SRC	1,13,24,503	12,43,520
Amount Receivable from DSWO	1,06,78,374	1,06,78,374
Amount Receivable from Emergency Officer	4,62,56,519	4,62,56,519
Amount Receivable from Collector(Dues fr.Col)	14,36,93,868	15,64,44,585
Amount Receivable from Revenue Deptt.	37,07,453	37,07,453
Amount Receivable from FS & CW Deptt.	2,56,437	2,56,437
Amount receivable from Govt.for NFSA	2,51,78,05,832	2,67,87,24,400
Amount receivable from Govt.for S.C.A.	7,87,50,831	7,87,42,952
Amount Receivable from W&CD Deptt.	3,49,55,210	3,49,55,210
Amount Deposited with Reg.Hon'ble High Court	1,97,17,287	
Amount Receivable from Custom Millers		18,73,281
Amount Receivable From FCI-PEG	12,39,65,386	8,11,32,029
Advance to Suppliers-Goods		
Advance to FCI - Rice	17,55,94,640	18,07,42,122
Advance to FCI - Wheat	7,27,04,885	9,31,54,647
Advance to FCI - Sugar	84,47,771	84,47,771
Advance to FCI-SRM	49,38,72,940	49,38,72,940
Advance for Kerosine Oil	79,71,692	79,71,692
Advance to BPCL	1,52,41,243	5,30,21,688
Advance to HPCL	15,35,319	11,53,175
Advance to Jute Commissioner		35,39,94,508
Advance to DGS&D(GUNNY)	2,37,19,917	16,37,19,917
Advance to TDCC	3,10,65,449	3,10,65,449
Advance to STC I	10,59,554	10,59,554
Advance to NAFED	5,187	5,187
Advance to Suppliers-Services		
Advance to PACs	42,96,95,847	42,99,08,865
Advance to Custom Miller	27,40,965	27,40,965
Advance to Transport Contractor Level-I	2,22,64,457	1,57,64,457
Advance to Transport Contractor State Level	65,00,000	50,00,000
Advance to Mandi Handling Contractor	53,89,837	53,89,837
Advance to Transport Contractor-Gunny Bales	10,00,000	



Advance Against Godown Rent-Godown Lessors	25,80,000	
Advance Against Office Rent		4,00,000
Advance Against Others	28,54,603	6,92,62,752
Advance to Others		
Advance to S.A. for RM on A.P.Rice	4,39,590	4,39,590
Advance to S.A.(Storage Agent)	348	348
Advace to SDO(Electrical)	1,23,339	1,23,339
Advance to R & B for Cap Storage	25,43,700	25,43,700
Advance to General Vendor	2,475	1,750
Dues from Transport Contractor	3,99,677	3,37,917
Dues from-Storage Agents (SA)	7,16,89,325	7,05,95,948
Dues from Millers	13,78,61,660	13,78,61,660
Dues from CSO	2,49,713	2,49,713
Dues From Suppliers	58,990	58,990
Dues From Handling Contractor	66,899	66,899
Amnt Receivable-Custom Millers for Insurance	6,13,40,796	6,13,40,796
TC on Paddy Receivable from FCI	2,46,48,76,177	1,92,43,31,555
TC on CMR Receivable from FCI	1,44,75,80,330	1,16,80,45,252
Refund-Auction Sale Phalin affect sugar&wheat	24,217	24,217
Misappropr.Stock/Shortage value Recoverable	1,79,48,16,086	1,65,85,02,322
Gunny Cost Recoverable from Custom Millers	1,39,000	1,39,000
Excess Payment	14,12,002	14,12,002
Sugar Claim receivable from FCI	50,46,38,380	50,46,38,380
ESI	1,24,377	1,24,377
Suspenses A/c	37,70,672	37,70,672
TDS-Receiveable	2,54,18,114	1,57,09,260
Interest Receivable on Income tax Refund	1,34,94,386	1,34,94,386
Interest Receivable from PNB Flexi A/c	3,52,70,932	
Refund of Advance	11,000	11,000
GIS	43,82,714	44,63,198
GPF	28,19,370	32,85,356
LIC	10,96,659	11,08,809
ORHDC	1,26,730	1,27,363
NSA A/c	1,25,200	1,25,200
Dues from-Sales Asst.cum Godown Asst.	20,31,451	20,31,451
Wrong Debit/Credit	4,21,700	4,21,700
Bank Loan/Flood Loan-Staff	5,01,211	5,04,211
GST Receivables		78,61,103
Total	48,76,91,16,005	43,12,18,61,277

For GNS & Associates
Chartered Accountants

Sd/-
(CA NARAD P. SAHU)

Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-9: REVENUE FROM OPERATIONS- SALES

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Sale of Rice	2,52,63,81,961	2,80,63,92,616
Sale of Wheat	28,71,57,281	31,59,79,473
Sale of Kerosine Oil	1,97,45,370	1,45,52,427
Sale of Rice to FCI	32,24,27,09,444	37,49,70,97,272
Sale of Non-PDS Goods		13,200
Sale of Relief Goods	20,61,65,697	1,59,27,326
Sale of GAS Items	18,31,13,285	15,85,14,949
Total	35,46,52,73,037	40,80,84,77,264

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejoy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-10: OTHER INCOME

Particulars	As on 31.03.2019	As on 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Storage and Warehousing Charges	4,29,08,927	8,14,07,149
Audit Recovery	1,02,26,302	72,69,642
Shortage Value	4,77,03,874	22,86,08,075
Interest Received from Bank on Deposits	10,07,19,841	4,24,32,830
Bank Charges-Received	24,22,254	1,37,70,196
Value Cut on CMR	6,32,52,564	6,00,59,778
Cost of New Gunny Recovered	25,28,664	
Gunny Cut(FCI)	10,056	4,88,385
Other Receipt-Relief	4,75,663	16,710
Other Recovery	1,04,823	
Miscellaneous Receipt	24,58,499	6,60,397
Capital Subsidy Written back	1,74,15,211	40,56,190
Sale of Empty Gunny	15,57,463	13,45,972
Demurrage Charges Received	4,45,000	
Interest on HBA	11,80,833	17,32,977
Interest on IT Refund		1,34,94,386
Sale of Tender Paper	35,69,240	50,72,762
sale of Ration Card		88,651
Sale of Damaged CMR	41,10,136	10,70,329
Sale of Damaged Wheat	74,400	
Penalty Recovered	3,66,294	1,14,000
RTI Fees	33,493	
Weightment charges	2,78,354	
Central Assistance on FPS Dealers' Margin	80,11,92,000	62,58,18,588
Intra State Transport Charges-GOI Scheme	51,38,55,000	44,87,33,742
Adminstrative Charges	17,64,381	3,06,160
Insurance on Paddy	1,45,69,060	58,84,714
Insurance Claim Received	27,100	
Provision for Income tax written back		30,26,006
Profit on Sale of Assets	1,87,326	3,20,007
Prior Period Income	15,33,28,113	93,49,298
Total	1,78,67,64,872	1,55,51,26,943

For GNS & Associates
Chartered Accountants

Sd/-
(CA NARAD P. SAHU)

Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-11: CHANGE IN INVENTORIES

Particulars	F Y 2018-19	F Y 2017-18
	Amount(In Rs)	Amount(In Rs)
Opening Stock		
Rice	1,70,97,286	1,08,97,430
Wheat	1,84,95,095	1,26,14,140
Sugar	4,89,395	4,89,395
New Gunny Bales	91,18,49,083	48,79,05,713
Kerosine Oil	1,68,871	
Old Empty Gunny bags	2,13,751	
CMR with Custom Millers	6,94,25,82,339	8,41,06,91,311
CMR at Godown (RRC)	9,49,04,58,743	9,33,73,90,310
Paddy with Custom Millers	17,78,29,03,651	22,60,16,90,900
Gas Refills	6,95,889	6
Gas Accessories	2,23,450	6
Stock in Transit-CMR	3,33,78,626	12,75,544
Stock in Transit-Paddy	2,80,873	48,56,549
Stock in Transit-Wheat	4,92,665	1,09,604
A.Sub Total	35,19,93,29,717	40,86,79,20,896
Closing Stock		
Rice	24,37,173	1,70,97,286
Wheat	13,72,998	1,84,95,095
Sugar	4,89,395	4,89,395
New Gunny Bales	80,09,68,041	91,18,49,083
Kerosine Oil	2,72,997	1,68,871
Old Empty Gunny bags	58,368	2,13,751
CMR with Custom Millers	9,07,62,73,095	6,94,25,82,339
CMR at Godown (RRC)	20,03,43,47,811	9,49,04,58,743
Paddy with Custom Millers	35,59,67,77,573	17,78,29,03,651
Gas Refills	15,03,264	6,95,889
Gas Accessories	2,62,843	2,23,450
Stock in Transit-CMR	1,09,50,644	3,33,78,626
Stock in Transit-Paddy		2,80,873
Stock in Transit-Wheat		4,92,665
B.Sub Total	65,52,57,14,202	35,19,93,29,717
Increase in Inventories(A-B)	30,32,63,84,486	5,66,85,91,179

For GNS & Associates
Chartered Accountants

Sd/-
(CA NARAD P. SAHU)

Partner

M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-12: PURCHASE OF STOCK IN TRADE

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Purchase of Paddy	1,07,09,31,72,803	77,81,26,29,787
Purchase of Rice	2,26,424	15,66,24,116
Purchase of Wheat	55,67,42,814	63,75,96,733
Purchase of Kerosine Oil	1,97,29,895	1,37,05,025
Purchase of New Gunny Bags	3,20,06,54,965	4,14,59,62,515
Purchase of Gas Items	17,11,47,959	14,76,33,697
Purchase of Non PDS Goods		10,800
Purchase of Relief Materials		3,70,978
Total	1,11,04,16,74,858	82,91,45,33,651

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-13: TRADE EXPENSES

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Transportation Charges		
Transport Charges		3,05,772
TC on Rice	46,90,17,975	30,46,73,960
TC on Wheat	14,47,84,388	15,58,96,181
H&TC Level-1 (Transportation Charges)	1,92,89,829	9,53,07,658
H&TC Level-2 (Transportation Charges)	17,33,02,494	45,88,27,272
TC on Gas	33,54,121	29,47,433
Inter District TC on CMR	51,54,27,178	23,62,48,589
TC to Relief Material	3,41,984	3,50,676
TC on K.Oil	58,423	1,32,377
Weightment Charges	21,87,334	
Incidental charges		1,75,397
Retailers Margin	1,54,51,64,089	1,64,26,25,145
Godown Rent	71,42,65,679	35,32,13,733
Entry Tax		1,15,32,254
Loading & Unloading Charges	15,34,077	17,06,413
Handling Charges to Handling Contractors	34,49,95,469	30,08,64,090
Loading and Unloading on Gas	2,97,729	2,57,316
Insurance on Godown	23,14,540	10,94,674
Dunnage	16,97,500	34,19,022
Prior Period Expenses-Trade	6,19,20,776	
Total	3,99,99,53,585	3,56,95,77,963

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-14: PROCUREMENT EXPENSES

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Commission to PACS	1,84,48,18,859	1,53,41,65,116
Commission to WSHG	16,533	11,18,291
Commission to Pani Panchayat	2,81,188	2,22,230
RMC Fees	2,14,62,92,306	1,52,11,15,752
Milling Charges	94,10,61,199	1,02,54,24,053
Mandi Labour Charges	62,16,95,658	55,00,40,007
Gunny Depreciation	17,35,75,215	74,67,94,650
Gunny Usage Charges	25,87,42,708	3,58,82,831
Gunny Cost to Custom Millers	3,02,13,376	3,65,88,830
Joint Custody & Maintenance Charges	29,11,04,751	40,05,18,029
TC On Paddy to Custom Millers	1,66,06,68,476	1,60,66,01,053
TC on CMR to Custom Millers	81,23,88,570	79,72,11,897
TC on Gunny	8,33,09,869	10,73,99,659
Handling Charges on CMR to Custom Millers	9,79,35,684	10,63,68,221
Driage	17,03,699	34,50,993
VAT		38,39,78,160
Other Procurement Expenses	1,22,520	1,80,914
Chemical Treatment Expenses	24,69,192	18,63,544
Testing Charges		1,00,625
Quality Control Laboratory Expenses	22,308	
Insurance on paddy	6,74,830	
Prior Period Expenses-Procurement	2,67,415	
Total	8,96,73,64,355	8,85,90,24,856

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-15: EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Pay & Allowances	44,83,84,333	66,37,97,376
CPF (Employer's Share & Admin.Charges)	5,64,24,220	6,35,64,493
CPF(OMC)	2,02,438	1,40,163
PRAN (Employer's Share)	55,53,926	1,35,51,926
Leave Salary & PC	75,76,138	2,29,73,808
Premium on Group Gratuity	14,44,986	8,03,97,379
Liveries to Staff	98,500	63,000
Training Expenses	1,45,787	2,04,690
Medical Expenses	2,49,513	3,81,091
Staff Welfare Expenses	2,42,955	61,378
Payment to Service Providing Agency-Man Power	8,35,74,389	8,72,26,078
Total	60,38,97,185	93,23,61,382

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-16: FINANCE COST

Particulars	As at 31.03.2019	As at 31.03.2018
	Amount(In Rs)	Amount(In Rs)
Bank Charges	18,010	13,728
Interest on Bank Loan	5,11,85,65,398	4,73,45,71,660
Total	5,11,85,83,408	4,73,45,85,387

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

Note-17: ADMINISTRATIVE & OTHER EXPENSES

Particulars	As at	As at
	31.03.2019	31.03.2018
	Amount(In Rs)	Amount(In Rs)
Adminstrative Charges	3,39,50,400	
Audit Fees & Expenses	38,98,614	66,98,062
Rent & Taxes	5,71,583	5,34,165
Penalty on CPF to RPF	4,32,703	
Repair & Maintenance	1,05,69,546	85,42,304
Advertisement Expenses	62,83,204	44,85,758
Meeting Expenses	12,90,621	10,06,537
Books and Periodicals	71,231	69,324
Business Promotion Expenses	2,77,276	6,65,168
Computer Consumable	22,72,673	13,32,872
Electricity Charges	30,95,762	34,91,140
Fees & Fines	7,82,433	59,41,157
House Rent	5,67,350	8,37,798
Office Rent	7,38,902	8,91,301
Office Expenses	5,39,634	5,45,662
Printing & Stationery	55,94,493	31,08,911
Postage & Telegram	4,18,291	4,58,800
Misc.Expenses	6,49,701	10,42,945
Telephone Charges	46,44,616	61,44,103
Water Charges	43,700	1,13,905
Legal & Professional Fees	20,15,184	4,17,179
NFSA Expenses	3,45,560	
PEETHA Expenses	3,63,600	



Application Support and Maintenance Expenses		
ERP/SAP	3,32,61,650	1,64,76,975
PIMS		10,98,600
Supply Chain Management System		12,42,000
M-Governance	54,82,044	67,52,620
P-PAS	32,45,466	
GIS Application MMD	2,24,234	
RTI Portal		5,20,380
CPMU	54,12,070	49,68,100
Sitting Fees of Non-Official Director	1,60,000	88,000
Professional Tax-Trade		5,000
Prior Period Expenses-Admin	17,59,383	
Hire Charges Vehicle	1,30,18,983	99,77,075
Insurance On Vehicle	7,44,642	8,25,945
Petrol, Oil & Lubricants	1,15,02,843	1,06,92,725
Service Tax		17,25,798
Travelling Expenses (Including Directors)	28,11,574	21,89,343
Total	15,70,39,966	10,28,89,651

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD

C/2, NAYAPALLI, BHUBANESWAR -12.

CONSOLIDATED STOCK STATEMENTS FOR THE YEAR 2018-19

VARIETY	OPENING BALANCE	RECEIPTS	TRANSFER RECEIPT	Transfer Receipt from MFPS	TOTALs	ISSUE	TRANSFER ISSUE	Transfer Issue to MFPS	Transit Loss	SHORTAGE	STOCK IN TRANSIT	CLOSING BALANCE
Paddy-DPC&PACs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Paddy-Millers	10677086.84	65295257.70	0.00	0.00	75972344.54	56672699.82	0.00	0.00	0.00	126545.85	0.00	19299644.72
CM Rice-Millers	2602357.17	36555195.98	0.00	0.00	39157553.15	36095048.29	0.00	0.00	0.00	8682.61	0.00	3062504.86
CM Rice-RRC	3348313.54	24706462.75	4548860.00	195.84	32603832.13	21653885.09	4540363.77	70271.51	1684.19	54774.33	3448.62	6284537.43
Rice(MFPS)	5987.21	26.10	70271.51	0.00	76284.82	75371.07	195.84	0.00	0.00	0.00	0.00	717.91
Rice (SA)	52.39	0.00	0.00	0.00	52.39	0.00	0.00	0.00	0.00	0.00	0.00	52.39
Wheat-RRC	91168.29	2789824.46	2329.39	102.67	2883424.81	2857294.09	2351.08	13176.67	0.00	14.89	268.11	10588.08
Wheat-(MFPS)	1305.23	0.00	13176.67	0.00	14481.90	14183.29	102.67	0.00	0.00	0.00	0.00	195.94
Wheat (SA)	1.73	0.00	0.00	0.00	1.73	0.00	0.00	0.00	0.00	0.00	0.00	1.73
Sugar-RRC	229.50	0.00	0.00	0.00	229.50	0.00	0.00	0.00	0.00	0.00	0.00	229.50
Gunny Bags(In Bales)	38548.00	137139.50	0.00	0.00	175687.50	144197.00	0.00	0.00	0.00	0.00	0.00	31490.50
Kerosin Oil	7463.74	757261.13	0.00	0.00	764724.87	755547.45	0.00	0.00	0.00	1.21	0.00	9177.42
Gas Refills	1003.00	367058.00	0.00	0.00	368061.00	366535.00	0.00	0.00	0.00	0.00	0.00	1526.00
Gas Accessories	1583.00	2654.00	0.00	0.00	4237.00	1641.00	0.00	0.00	0.00	0.00	0.00	2596.00

Reconciliation of transfer account of CM Rice

Transfer Receipt	Transfer Issue	
	From other District RRC	Other Dist.RRC
From own District RRC	Own Dist.RRC	556510.49
From other Agency		
From other receive	Other issue	505.99
Fr. Previous year in Transit		
Total Tr.Receipt	Total Tr.Issue	4540363.8

Sd/-
For GNS & Associates
Chartered Accountants
(Bibekananda Das)
General Manager (Accts)
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Reconciliation of transfer account of PHH Wheat

Transfer Receipt	Transfer Issue
Own Dist. RRC	Own Dist.RRC
Other receive	Other Issue
Total Tr.Receipt	Total Tr.Issue

Sd/-
(R.K.Kar)
Company Secretary
Sd/-
(Janmejy Jena)
Director

Reconciliation of purchase account of PHH-Wheat

Previous year in transit	2463.328
Purchase	2787491.796
Transit Loss	130.667
Net Receipt at RRC	2789824.457

Sd/-
(Biswajit Keshari Das)
Managing Director



ODISHA STATE CIVIL SUPPLIES CORPORATION LTD
C/2, NAYAPALLI, BHUBANESWAR -12.
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31.03.2019

Particulars	2018-19	2017-18
	Amount (Rs.)	Amount (Rs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before Tax & Prior Period adjustment		0
Adjustment for:		
(+) Depreciation	1,46,72,015	79,79,611
(+) Addition to Capital Reserve	8,82,89,267	2,47,42,993
(-) Profit on Sale of fixed Assets	-	-
(-) Capital Subsidy written off on MV/Godown	(1,73,82,402)	(40,56,190)
Operating Profit / (Loss) before changes in Working Capital	8,55,78,880	2,86,66,414
Adjustment for:		
(-)/+ (Increase)/Decrease in Current Assets, Loan & Advances	(5,98,80,26,021)	(88,28,63,150)
(-)/(+) Increase/Decrease in inventories	(30,32,63,84,485)	5,66,85,91,180
(+)/(+) Increase/ Decrease in Current Liabilities & Provisions	1,30,51,63,552	(21,14,79,873)
Cash Flow from operating activities	(34,92,36,68,074)	4,60,29,14,571
Less Tax Paid	0	0
Net Cash Flow from operating activities (A)	(34,92,36,68,074)	4,60,29,14,571
(B) CASH FLOW FROM INVESTING ACTIVITIES		
(-) Purchases of Fixed Assets	(7,27,56,011)	(9,13,38,193)
(+) Sale Proceeds of Fixed Assets	21,694	21,919
Net Cash Flow from operating activities (B)	(7,27,34,317)	(9,13,16,274)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Digitization of ration cards	3,75,28,044	7,01,51,000
End-to-End Computerisation	(3,28,51,452)	65,99,567
Capital Assets for PDS	86,95,000	4,25,66,734
FPS Automation Fund	2,46,33,887	29,44,00,000
Market Intervention Fund	25,00,00,000	-
IEC	4,95,836	
Short Term Borrowing (net)	37,93,06,18,515	(4,91,13,34,856)
Net Cash flow from Financing Activities (C)	38,21,91,19,830	(4,49,76,17,555)
Net Increase in Cash and Cash Equivalents (A+B+C)	3,22,27,17,439	1,39,80,742
Cash and Cash equivalents at the beginning of year	1,33,41,16,754	1,32,01,36,012
Cash and Cash equivalents at the end of year	4,55,68,34,193	1,33,41,16,754

For GNS & Associates
Chartered Accountants
Sd/-
(CA NARAD P. SAHU)
Partner
M.No. : 055224

Sd/-
(Bibekananda Das)
General Manager (Accts)

Sd/-
(R.K.Kar)
Company Secretary

Sd/-
(Janmejy Jena)
Director

Sd/-
(Biswajit Keshari Das)
Managing Director

