

**ORISSA STATE SEEDS CORPORATION LTD
(A GOVERNMENT UNDERTAKING)
SANTARAPUR,BHUBANESWAR**

**No.Comp-3/2009/795
Dt. 06.02.2009**

NOTICE.

Notice is hereby given that the Adjourned 29th. Annual General Meeting of the shareholders of the Orissa State Seeds Corporation Ltd will be held on **27.02.2009 at 11.30 A.M.** at the Registered Office of the Company at Santarapur,Bhubaneswar-2 to transact the following business:

“TO RECEIVE,CONSIDER AND ADOPT THE AUDITED BALANCE SHEET AS AT 31ST..MARCH 2007 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE AND THE REPORT OF THE DIRECTORS,STATUTORY AUDITORS AND THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA THEREON.”

BYORDER OF THE BOARD OF DIRECTORS.

Sd/-S.K.Mishra,
COMPANY SECRETARY.

Note:-

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and vote instead of himself. The proxy need not be a member of the Company. The proxy form in the prescribed manner should be deposited in the Registered Office of the Company at-least 48 hours before the meeting.

To

All the Shareholders of OSSC Ltd/All the Directors of the Board of OSSC Ltd/M/s.MARP & Associates, Chartered Accountants, Bhubaneswar/Registrar of Companies, Orissa.

DIRECTORS' REPORT

To

The Share-holders,
Orissa State Seeds Corporation Ltd.,
Bhubaneswar-2.

The Board of Directors have pleasure in presenting the audited accounts of the Corporation for the year ending 31st. March, 2007 along with the Auditors' Report thereon. The working results for the year under report along with that of the previous year are as follows:

WORKING RESULTS	2006-07	2005-06
	(Rs. in lakhs)	(Rs. in lakhs)
Sale	5176.48	3388.25
Less: Cost of seeds sold	3947.56	2714.58
Gross Profit	1228.92	673.67
Add: Other Income	168.62	73.58
Total:	1397.54	747.25
Less: Operational expenses, Personnel , Administrative, Selling expenses .	894.15	678.85
Profit before interest, depreciation & adjustment for Earlier years.	503.39	68.40
Less:-Interest	20.92	26.70
Less: Depreciation	22.28	24.35
Net Profit	460.19	17.35
Adjustment for earlier years	2.82	3.96
Provision for Income Tax	(-)157.53	(-) 11.24
Profit(+) Loss(-)brought forward from previous year	742.87	732.80
Accumulated Profit(+)/Loss(-) carried forward to next year	1048.35	742.87

The Corporation earned a gross profit of Rs.1228.92 lakh in the financial year 2006-07 as compared to Rs.673.67 lakh in 2005-06. The gross profit rate to sales increased to 23.74 % in 2006-07 from 19.88.% in 2005-06. During the year, the Corporation has earned a profit of Rs.503.39 lakh before interest, depreciation and adjustment of expenses for earlier years as against a profit of Rs.68.40 lakh in 2005-06. The net profit after interest and depreciation for the year 2006-07 is Rs.460.19 lakh as against net profit of Rs.17.35 lakh in 2005-06.

CAPITAL STRUCTURE.

	(Rs. In Lakh)	
	2006-07	2005-06
Authorised Capital	1000.00	1000.00
Paid up Capital	259.11	259.11

The Debt Equity ratio for the year 2006-07 is 3.08:1 (excluding Cash Credit in comparison to the Debt Equity ratio of 3.27:1 for the year 2005-06.

PRODUCTION

During the financial year 2006-07, the Corporation has taken up production programme of Certified seeds successfully. The quantity of Certified seeds produced is given below..

(Quantity in quintals)			
Sl.No	Crop	2006-07	2005-06
1	Paddy	153279	112023
2	Pulses	2100	939
3	Oil Seeds	6571	8311
4	Others	124	202
	Total:-	162084	121475

PROCESSING & STORAGE

Processing of different seeds produced under Seed Production Programme has been done successfully in the Processing Plants of the Corporation. At present, the processing & Storage capacity created by OSSC Ltd. is given below

Sl.No.	Name of the Processing Plant & Storages	Cap. in qtls
1.	Processing Plant, Bargarh	80000
2.	Processing Plant, Bhubaneswar	12000
3.	Processing Plant, Balasore	17000
4.	Processing Plant, Berhampur	8000
5.	Processing Plant, Jeypore	8000
6.	Flat Ventilated Seed Store	20000
7.	4nos Cold Storages at Cuttack, Bhubaneswar, & Sambalpur.	28100
8.	Dehumidified Refrigerated G.Nut Seed Store	10000
9.	Processing Plant, Keonjhar	8000
10.	Air Conditioned Seed Storage	500

DIVIDEND

No amount has been recommended for payment of dividend.

MARKETING

The Corporation is marketing its seeds through Director of Agriculture & Food Production, Orissa and registered dealers of the Corporation inside the State. During the year 2005-06, the Corporation marketed the following quantities of seeds.

(Quantity in quintals)					
Sl.No	Crop	2006-07		2005-06	
		Purchase	Sale	Purchase	Sale
1	Paddy	143936	143943	130590	130590
2.	Wheat	4389	4388	4308	4308
3	Pulses	7241	7271	3005	3005
4.	Oil Seeds	82675	84617	58173	58173
5.	Others	13990	14550	5788	5788
		252231	254769	201864	201864

CHANGES IN MANAGEMENT.

The Directors wish to place on record their warm appreciation for the valuable services rendered by the Directors, Shri H.S.Chahar, I.A.S., Mrs. Ranjana Chopra, I.A.S, Sri Raj Kishore Mishra, Sri R.N.Prusty ,Sri H.H.Panigrahi & Dr. P.K.Chowdhury during their tenure who ceased to be Directors during the year 2006-07.

AUDITORS.

The Comptroller & Auditor General of India appointed M/s. MARP & Associates, Chartered Accountant, Bhubaneswar as Statutory Auditor to audit the accounts of the Corporation for the financial year 2006-07.

PARTICULARS OF EMPLOYEES.

The total number of employees in all categories as on 31.03.2007 was as against 194 during the year 2006-07. The Directors wish to place on record their warm appreciation for dedicated and sincere -efforts of employees of the Corporation at all level.

Information as per Section-217 (2A) of the Companies Act,1956 read with Companies(particulars of employees) Rules, 1975 may please be treated as NIL

DIRECTORS RESPONSIBILITY STATEMENT FOR THE YEAR ENDING 2006-07 .

As stipulated in Section-217(2AA) of Companies Act,1956 your Directors subscribe to “Directors” Responsibility Statement” and confirm that:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors had prepared the annual accounts on a going concern basis]

CONSERVATION OF ENERGY.

- 1 (a) Fuel: laid down on limits of consumption of petrol/diesel per vehicle per month 140 ltrs.
(b) For better and more economical service the following measures are taken.
For every 5000 kms, change of engine oil ,lubricants & oil filters are being taken.
2. **Equipment:**
Maintenance & lubrication is being done regularly.

3. Electrical Appliances:

All lights, fans, ACs, Water Coolers , electrical appliances etc are being strictly used only as and when they are essentially required.

RESEARCH & DEVELOPMENT(R&D)

The Orissa State Seeds Corporation Ltd does not have a regular R&D Section/Division in its structure.

- | | | |
|----|--|-------|
| 1. | Specific areas where R&D is carried out by the Corporation | : NIL |
| 2. | Benefits derived | NIL |

TECHNOLOGY ABSORPTION.

The Company has not acquired any indigeneous or imported technology.

FOREIGN EXCHANGE EARNINGS AND OUTGO : NIL

ACKNOWLEDGEMENT.

The Directors express their sincere gratitude to Government of India, State Government, Commissioner-cum-Secretary to Govt, Agriculture Department, Director of Agriculture & Food Production, Orissa, National Seeds Corporation Ltd, New Delhi, Orissa University of Agriculture & Technology, Bhubaneswar, other State Seeds Corporations, Orissa State Seed Certification Agency, Bhubaneswar and Central Rice Research Institute, Cuttack for their continued co-operation and support to the Corporation. The Directors acknowledges with thanks the support and co-operation received from State Bank of India.,

The Directors are grateful to the Comptroller & Auditor General of India, Accountant General, Orissa and M/s. MARP & Associates, Chartered Accountants, Bhubaneswar for their valuable co-operation, guidance and assistance.

THE REPLIES OF THE MANAGEMENT TO THE AUDITORS' REPORT TO THE MEMBERS OF THE ACCOUNTS OF ORISSA STATE SEEDS CORPORATION LTD. FOR THE YEAR ENDED 31.3.2007.

- 1.2.1 to 2.4 -No Comments.
2.2.4 -The system is being followed consistently.
2.4(2) -No Comments.
2.4(3) -No Comments
2.5 -No Comments

REPLIES TO THE ANNEXURE-I TO THE AUDITORS' REPORT

- 1 to 6 -No Comments
7. -M/s Khijriwalla & Co, Chartered Accountants, Bhubaneswar were the internal auditors' of the Corporation for the year 2006-07.
8 to 21 -No Comments.

REPLIES TO THE ANNEXURE-II TO THE AUDITORS' REPORT

1. -Necessary steps are being taken to reconcile the accounts under advance against purchase of goods and advance against staff.
2. -No Comments
3. -No Comments
4. 1 -Noted for future guidance
4. 2 -No Comments
4. 3 -Proposal has been moved to Govt. in Agriculture Deptt. to convert the dividend on 11% Cumulative Preference Shares to Equity Shares under the Restructuring Plan which is being implemented by the Govt. in Public Enterprises Deptt.
5. -Steps are being taken for closure of in-operative Bank Accounts
6.to 10. -No Comments
7 to 11 -No Comments
11.(a) & (b) (i) & (ii)- Noted for future guidance
12. -Noted for future guidance

AUDITORS' REPORT

To

**THE MEMBERS OFORISSA STATE SEEDS CORPORATION LIMITED,
BHUBANESWAR.**

We have audited the attached Balance Sheet of **M/s. ORISSA STATE SEEDS CORPORATION LIMITED** as at 31st March 2007 and also the attached Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining , on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 1) As required by the Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of Section 227(4A)of the Companies Act, 1956, we enclose in the Annexure-I a statement on the matters specified in the paragraphs 4 and 5 of the said Order in so far as they are applicable to the Company.
- 2) Further to our comments in the Annexure-I referred to in paragraph 3 above, we report that :
 - 2.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit .
 - 2.2 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 except for some sub-ledgers and registers which are either not maintained or not properly maintained.
 - 2.3. The Company's Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts .
 - 2.4. In our opinion, the Profit and Loss Account and Balance Sheet have been drawn up in accordance with Accounting Standards (AS) referred to the sub-section (3C) of section 211 of the Companies Act, 1956 except the following.

2.4.1 The Company does not follow accrual system of accounting in respect of sales tax payment and of transit insurance which is not the accordance with accounting standard-I the impact where of on the account has not been ascertained.

2.4.2 Liability on account of gratuity has been provided on adhoc basis at Rs.720826/- not being determined actuarially as required by AS 15, Hence quantum of excess short provision if any for the year as well as on accumulative basis has not been ascertained.

2.4.3 Liability or account of leave encashment payable on retirement of employees has been allotted as and when paid. Whereas per AS 15 same is to be provided based on actuarial valuation which has not been carried out and quantum as well as consequential impact on account where of has not been ascertain.

2.5 Subject to our observation Annexure-II, the said accounts in our opinion and to the best of our information and according to the explanations given to us, read with significant accounting policies in schedule-T and other notes appearing in Schedule S give the information required by the companies Act,1956 in the manner so required and give a true and fair view in accordance with generally accepted accounting principles:

- a) In the case of Balance Sheet, of the State of the affairs of the Company's as at 31st March, 2007 and
- b) In the case of the Profit & Loss, of the profit for the year ended on that date.

Bhubaneswar

01.11.2008

**For and on behalf of
MARP & ASSOCIATES
CHARTERED ACCOUNTANTS
Sd/-
(CA M.K.Mohapatra,FCA)
Partner.**

**ANNEXURE-I TO THE AUDITOR' REPORT
(REFER TO THE PARAGRAPH I OF OUR REPORT OF EVEN DATE)**

1. **In respect of its Fixed Assets:**
The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
These assets have been physically verified by the management during the year.
In our opinion & according to the information and explanations, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. **In respect of Inventories:**
The stock of inventory has been physically verified during the year by the management at reasonable intervals, except stock lying with third parties. Confirmation of such stock with third parties has been obtained by the management in most of the cases. In our opinion the procedure of physical of inventory followed by the management reasonable and adequate in relation to the size of the company and nature of its business. The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stock as compared to book records were not material; however the same have been properly dealt with the books of accounts.
3. **Loan & Advances:**
The Company has neither granted nor taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act,1956
4. **Internal Control:**
In our opinion and according to the information and explanations given to us, there were adequate internal control procedure commensurate with the size of the Company and nature of its business in the case for the purchase of stores, seeds, plant and machinery, material including components, equipments and other assets. Further, on the basis of our examination of the books and records of the company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the internal control procedures in the aforesaid areas.

5. Transaction with parties u/s 301 of the Companies Act,1956:

a) In our opinion and according to the information & explanations given to us, there are no transactions made in pursuance of contract for arrangement, that needed to be entered in the register maintained under section 301 of the Companies Act,1956.

b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the Companies Act,1956 aggregating during the year to Rs.5,00,000/- or more in respect of any party.

6. Deposits:

The Company has not accepted any deposit from public. In our opinion the directives issued by the Reserve Bank of India and the provisions of section 58A and 58 AA of the said Act and the rules framed there under are not applicable.

7. Internal Audit:

The Internal Auditor given report as per the information available to them, but it is not a satisfactory report. In our opinion, the internal audit system is not adequate commensurate with the size of the Company and nature of its business.

8. Cost Record:

In our opinion and according to the explanation given to us maintenance of cost record has not prescribed by the Central Government u/s 209(1)(D) of the Companies Act,1956.

9. In respect of Statutory Dues:

a) According to the records of the Company, all the Statutory dues towards employees provident fund and Gratuity of the employees posted on deputation have been paid within the stipulated time.

b) Demand of Employees State Insurance of Rs.382413/- up-to the end of March,2002 has been disputed by the Corporation and appeal is pending with Hon'ble High Court.

10. The Company has no accumulated losses. The Company has not incurred cash losses in the financial year under report and in the financial year immediately proceeding such financial year.

11. Based on our audit procedure and according to the information & explanations given to us, we are of the opinion that the Company has not obtained any financial assistance in repayment of dues from any financial institutions or bank or debenture holders.

12. In our opinion and according to the information and explanations given to us, no loan and advances have been granted by the Company on the basis of the securities by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore clause 4(XIII) of the Companies(Auditors Report) Order,2003 is not applicable to the Company.
14. The Company is not dealing or trading in Shares, securities debentures and other investments.
15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that during the year under audit the Company has not raised any fund on short term basis, which have been utilized for long term investments and vice-versa.
18. During the year the Company has not made any preference allotment of shares to parties & companies covered in the register maintained u/s 301 of the Companies Act,1956.
19. The Company has not issued any debenture up-to 31st. March,2006.
20. The Company has not raised any money by way of public issue during the financial year 2006-07.
21. No fraud on or by the Company has been noticed or reported during the year.

Bhubaneswar

01.11.2008

**For and on behalf of
MARP & ASSOCIATES
CHARTERED ACCOUNTANTS
Sd/-
(CA M.K.Mohapatra,AFA)
Partner**

ANNEXURE-2

1. At Bargarh Unit the purchase of paddy seed to the tune of Rs.291464/- has not been accounted for in the year 2005-06. And sales of various seed of Rs.574891/- has not also been accounted for. Therefore the profit has been undercasted to the extent of Rs.283427/-.
2. Loans & Advances includes mostly either disputed advance or outstanding since long without any adjustment or recovery. Neither any provision against these doubtful advances has been made nor has recoverable balance if any been written off in accounts. Some of the outstanding advances are as under.

PARTICULARS	Amount(Rs.)
1. Advance against Purchase of Goods	64,72,348
2. Advance and other dues with staff	1,63,81,782
3. Sales Tax Refundable	<u>5,92,336</u>
	2,34,46,466

3. Sundry Debtor Rs.30,56,19,861

Balance of Sundry Debtor accounts have not been confirmed and not reconciled. No provision has been created towards bad and doubtful debts during the year. In our opinion the provision created by the Corporation is not adequate.

4. Other Current Assets Rs.27,43,629

Above includes a sum of Rs. 25,78,325/- lying since long time in the heads of sundry dues. The Balance has not been confirmed and reconciled.

5. Current Liability (Rs.17,77,58,807)

- 5.1 Above include an amount of Rs.13,62,28,987/- representing the sundry creditor's balance of which has not been confirmed and reconciled.
- 5.2 Above include an amount of Rs.3,10,24,100/- comprising of Earnest money/Security Deposits/Liability for Expenses/Unpaid salary & Allowances/Liability for DHR Seed Store for which no party wise details as at 31st. March'2007 could be made available to us. Subsidiary ledger being maintained and no confirmation having been called for. Hence we are unable to express our opinion as to whether the above balance requires any adjustment or not.

- 5.3 No provision has been made in respect of 11% cumulative preference share Rs.7,30,752/-. This should have been provided as per Companies Act, 1956
6. Bank Accounts which are inoperative still continue showing the same balance at the year end.
7. One Godown in Gihira Firm valuing Rs.7 lacs, the possession of which was not transferred by Deputy Director of Agriculture, Keonjhar. So the Corporation has not taken it into its assets.
8. Provision for income tax & Loans and Advances for the year 2006-07 under audit made amounting to Rs.1,57,53,216/- and Rs.48,01,551/- respectively.
9. Income Tax Authorities demanded as tax of Rs.4,82,14,334/- for the assessment year 1998-99 and 1999-2000. But the Corporation only paid Rs.2,51,07,167/- upto 2005-06 and balance amount not paid due to matter pending on CBDT.
10. The sales tax Assessment has been completed up-to 2003-04 and the sales tax authorities demanded Rs.55,02,643/- towards sales tax of different years up-to 2000-2001 which was disputed by the Corporation and Corporation has filed an appeal on the said demand which are still pending. An amount of Rs.38,75,403/- has been paid against the above demand as demand tax out of which Rs..38,45,403/- has been paid up-to 2002-03.
11. Plant situated at various units of Company are operated in double shift basis. Complete details are not made available to us and due to that short amount of depreciation could not be ascertained.
12. The company has not made the following disclosure required under Chapter-VI of the Companies Act, 1956.
- a) Due to small scale industries as defined under the Industrial Development & Regulation Act, 1951 exceeding Rs.1 lacs and outstanding for more than 30 days.
- b) Quantitative details as required under Para 4C of Part-II to Schedule VI in respect of the following
- i) Licensed capacity as on the last date of the financial year.
- ii) Install capacity as on the last date of the financial year.
13. The Corporation has not been made provision for deferred Tax Assets/Liabilities for the year 2006-07

Bhubaneswar
01.11.2008

For and on behalf of
MARP & ASSOCIATES
CHARTERED ACCOUNTANTS
Sd/-
(CA M.K.Mohapatra,FCA)
Partner

OFFICE OF THE ACCOUNTANT GENERAL
(COMMERCIAL,WORKS AND RECEIPT AUDIT)

ORISSA: BHUBANESWAR.

No.CAD(T)/Accts/Seeds/2006-07/29/08-09/606

Date: 29.01.2009

To

The Managing Director.
Orissa State Seeds Corporation Limited.
Santarapur, Bhubanesar-751002.

Sub: Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of Orissa State Seeds Corporation Limited for the year ended 31st.March, 2007.

Sir,

I forward herewith the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act,1956 on the accounts of Orissa State Seeds Corporation Limited for the year ended 31 March 2007.

Three copies of the Annual Report 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/-

(ATREYEE DAS)

28.01.2009

ACCOUNTANT GENERAL.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(\$) OF THE COMPANIES ACT,1956 ON THE ACCOUNTS OF ORISSA STATE SEEDS CORPORATION LIMITED FOR THE YEAR ENDED 31MARCH 2007.

The preparation of financial statements of Orissa State Seeds Corporation Limited for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act,1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller & Auditor General of India under Section 619(2) of the Companies Act,1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act,1956 based on independent audit in accordance with the auditing and Assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 01 November,2008.

I, on behalf of the Comptroller & Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act,1956 of the financial statements of Orissa State Seeds Corporation Limited for the year ended 31 March,2007. 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 619(4) of the Companies Act,1956 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.

Comments on Financial Position

Balance Sheet

Source of funds

Cirrent Liabilities (Schedule-K)

Creditors for goods-Rs.13.62 crore

- 1 Deboit balances in Sundry Creditors Ledger have been wrongly deducted against sundry creditors although such balances pertain to different suppliers resulting in understatement of creditors for goods as well as loans and advances to suppliers by Rs.1.15crore.

Application of funds

Sundry Debtors-(Schedule-G)-Rs.30.56 crore.

2. The above amount is arrived at after adjusting Rs.2.07 crore received as advances from different customers appearing as credit balances in Sundry Debtors Account. This should have been shown as loans & advances. This has resulted in understatement of sundry debtors as well as current liabilities for loans and advances received by Rs.2.07 crore.

Loans & Advances (Schedule-J) Rs.6.23 crore

3. Non-provision for advances outstanding since 1997-98 having no transaction for the past 9 years has resulted in overstatement of advances and profit by Rs.11.19 lakh.

**For and on behalf of
The Comptroller and Auditor General of India
Sd/-
(ATREYEE DAS)
ACCOUNTANT GENERAL.**

**Dated 28.01.2009
Place: Bhubaneswar**

BALANCE SHEET AS ON 31.03.2007

		Sch	As on 31.3.2007 (Rs)		As on 31.3.2006 (Rs)	
1	<u>SHAREHOLDERS FUNDS</u>					
	A Share Capital	A	25715110		25715110	
	B Share deposit		196058		196058	
	C Profit & Loss Account		104834952		74287272	
	Reserve & Surplus	B	123542691	254293811	119646421	219844861
2	<u>LOAN FUND</u>					
	A Secured Loan	C	5420983		11151441	
	B Unsecured Loan	D	79835373	85256356	84835373	95986814
1	<u>FIXED ASSETS</u>					
	A Gross Block	E	81029233		72163329	
	B Less: Depreciation		37436577		35652428	
	C Net Fixed assets					36510901
	D Capital Work-in-Progress					7790722
2	<u>CURRENT ASSETS, LOANS & ADVANCES</u>					
	A Inventories	F	94582040		84381403	
	B Sundry Debtors	G	305619861		230471218	
	C Cash & Bank balances	H	40803900		40067350	
	D Other current assets	I	2743629		2912071	
	E Loans & Advances	J	62296660		53195861	
			506046090		411027903	
3	<u>CURRENT LIABILITIES & PROVISIONS</u>					
	Current Liabilities	K	177758807		119621278	
	Provisions	L	37207628		19876573	
			214966435		139497851	271530052
	TOTAL			29109655		315831675
	Contingent Liabilities & Notes forming part of accounts	S		339550167		
	Accounting policies	T				
	Accounting policies, Schedules & notes attached form part of accounts.					

Sd/-S.K.Mishra
Company Secreary
OSSC Ltd,BBSR

Sd/-Dr.G.C.Jena,
Managing Director
OSSC Ltd,BBSR

Sd/-G.B.Nayak
Chairman.
OSSC Ltd,BBSR

For and on behalf
MARP & ASSOCIATES
CHARTERED ACCOUNTANT
Sd/-
(CA M.K.Mohapatra,FCA)
PARTNER

PROFIT & LOSS ACCOUNT FOR THE YEAR 2006-07

I N C O M E	Sch	2006-07 (Rs)	2005-06 (Rs)
Sales		517648125	338825361
Other Income	M	16862166	7358360
TOTAL		534510291	346183721
E X P E N D I T U R E			
Opening stock		74394911	76164167
Purchases		404049664	269689398
Operational Expenses	N	31835938	29680774
Personnel Expenses	O	37633087	24618616
Administrative Expenses	P	4981982	4179297
Selling Expenses	Q	14964519	9406918
Interest		2091872	2669804
Depreciation		2228022	2434949
Less:Closing stock		-83688610	-74394911
TOTAL		488491385	344449012
Profit trans.to P/L Appropriation Account		46018906	1734709
TOTAL		534510291	346183721
PROFIT AND LOSS APPROPRIATION ACCOUNT			
Profit brought forward from previous year		74287272	73279602
Profit brought forward from Profit & Loss account		46018906	1734709
Provision for Income tax		-15753216	-1123995
Profit after tax		30265690	610714
Prior period Adjustment account(Net)	R	281990	396956
Profit carried to Balance Sheet		104834952	74,287,272
Contingent Liabilities & Notes forming part of accounts	S		
Accounting policies	T		
Accounting policies, Schedules & notes attached form part of accounts.			

Sd/-S.K.Mishra
Company Secretary
OSSC Ltd,BBSR

Sd/-Dr.G.C.Jena,
Managing Director
OSSC Ltd,BBSR

Sd/-G.B.Nayak
Chairman.
OSSC Ltd,BBSR

For & on behalf of
M/S. MARP & ASSOCIATES
CHARTERED ACCOUNTANTS
Sd/-
(CA M.K.Mohapatra, FCA
PARTNER

SCHEDULE -A	AS ON 31.3.2007 (Rs.)	AS ON 31.3.2006 (Rs.)
--------------------	--	--

**SHARE CAPITAL
AUTHORISED**

750000 Equity shares of Rs. 100/- each	75000000	75000000
250000 11%cumulative preference shares of Rs.100/- each.	25000000	25000000
	100000000	100000000

ISSUED

270000 Equity shares of Rs. 100/- each.	27000000	27000000
90000 11%cumulative preference shares of Rs 100/-each.	9000000	9000000
	36000000	36000000

SUBSCRIBED AND CALLED UP

194071(2004-05: 194071 Equity shares of Rs.100/-each.	19407100	19407100
66432 (2004-05: 66432) 11% cumulative preference shares of Rs. 100/-each.	6643200	6643200
	26050300	26050300

TOTAL

(Out of the above shares 60020 equity shares have been allotted as fully paid to Govt. of Orissa without payment being received in cash.)

LESS CALLS UNPAID

332 shares of Rs 50/- each.	16600	16600
128 shares ofRs.25/- each	3200	3200
40 shares of Rs.30/- each.	1200	1200
3065 shares of Rs.90/-each.	275850	275850
639 shares of Rs.60/- each.	38340	38340
	335190	335190

PAIDUP SHARE CAPITAL

EQUITY SHARES

189867 (2004-05:189867) shares of Rs.100 each	18986700	18986700
332 shares of Rs 50/- each.	16600	16600
128 shares ofRs.75/- each	9600	9600
40 shares of Rs.70/- each.	2800	2800
639 shares of Rs.40/- each.	25560	25560
3065 shares of Rs.10/-each.	30650	30650
	19071910	19071910

PREFERENCE SHARES

11% CUMULATIVE PREFERENCE SHARES

66432 (2004-05 ; 66432) shares of Rs.100 each	6643200	6643200
TOTAL	25715110	25715110

RESERVE & SURPLUS	Balance as on 31.3.2006 Rs	Additions Rs.	Deductions Rs	Balance as on 31.3.2007 Rs
Capital Reserve (Grant in Aid)	80000000	0	0	80000000
Grant in Aid(unutilised)	3524607	5440000	5309383	3655224
Grant in Aid Reserve A/c	25323214	5309383	1103730	29528867
Seed Bank-Grant in aid	9798600	5000000	5440000	9358600
D.H.O (Grant in Aid)		0	0	1000000
TOTAL	119646421	15749383	11853113	123542691
Previous year	119773183	8356962	8483724	119646421

SCHEDULE -C

**AS ON
31.3.2007 (Rs.)**

**AS ON
31.3.2006
(Rs.)**

SECURED LOAN

Cash Credit

(On Hypothecation of stock of raw materials and stock in process)

5420983

11151441

TOTAL

5420983

11151441

SCHEDULE-D

UNSECURED LOAN

Short term loan from govt.

0

0

Interest Accrued & due

79835373

84835373

TOTAL

79835373

84835373

SVCHEDULE-E				FIXED ASSETS						(Figures in Rs.)	
	GROSS BLOCK				DEPRECIATION					NET BLOCK	
Particulars of Assets	Opening Balance as on 01.4.06	Additions During the year	Deductions during the year	Total as on 31.3.2007	Balance as on 1.4.06	Additions During the year	Deductions	Adjustment	Total as on 31.3.2007		As on 31.3.2006
Land (Lease hold)	1,047,512	0	0	1,047,512	118,896	11,141	0	0	130,037	917,475	928,616
Building-Leasehold	1,356,558	0	0	1,356,558	228,606	15,073	0	0	243,679	1,112,879	1,127,952
Building-Free hold	32,619,364	7941185	0	40,560,549	10,213,340	591,183	0	0	10,804,523	29,756,026	22,406,024
Plant & Machinery	30,542,740	27900	0	30,570,640	20,226,725	1,200,250	0	-187846	21,239,129	9,331,511	10,316,015
Office Equipments	398,232	14144	0	412,376	257,633	19,588	0	0	277,221	135,155	140,599
Books & Library	105,001	300	0	105,301	56,934	5,002	0	0	61,936	43,365	48,067
Tent Tarpoline & Durry	34,952	0	0	34,952	34,952	0	0	0	34,952	0	0
Furniture Fixture	2,403,518	0	0	2,403,518	1,798,942	119,582	0	0	1,918,524	484,994	604,576
Bi-cycle	10,706	0	0	10,706	10,171	0	0	0	10,171	535	535
Vehicle	3,644,746	1151877	269502	4,527,121	2,706,229	266,203	256,027	0	2,716,405	1,810,716	938,517
TOTAL	72,163,329	9,135,406	269502	81,029,233	35,652,428	2,228,022	256,027	-187,846	37,436,577	43,592,656	36,510,901
Previous year	71,302,685	330443	469799	72,163,329	33,663,788	2,434,949	446,309	0	35,652,428	36510901	38,638,897

SCHEDULE -F

	AS ON 31.3.2007 (Rs.)	AS ON 31.3.2006 (Rs.)
INVENTORIES		
Stock at close (Valued & certified by management.)		
Seeds (at cost.)	82311446	67160138
Condemned seeds (at lower of cost or realisable value)	1058622	6907938
Standing crops (at estimated value)	318542	326835
Total	83688610	74394911
Printing & stationary	59043	16937
Stores & spares	5427	19370
Seed Treating Chemical	2986749	1638129
Packing materials	7842211	8312056
TOTAL	94582040	84381403

SCHEDULE-G**SUNDRY DEBTORS(Unsecured)**

Debts outstanding for a period exceeding six months		
Considered good	64271199	28570912
Considered doubtful	16162149	16162149
	80433348	44733061
Other debts considered good	241348662	201900306
	321782010	246633367
Less: Provision for doubtful debts	16162149	16162149
TOTAL	305619861	230471218

SCHEDULE -H	AS ON 31.3.2007 (Rs.)	AS ON 31.3.2006 (Rs.)
CASH AND BANK BALANCES		
Cash in hand (includes Rs.17689940/- drafts in hand)	166063	186725
Money in transit	5601260	1768383
Postage stamps in hand	318	363
Balance in schedule banks		
Current account	15018354	18093974
Fixed deposit account	20000000	20000000
Savings bank account	6712	6712
Balance in other banks		
Cooperative bank current account	11093	11093
Postal saving bank account	100	100
TOTAL	40803900	40067350
 SCHEDULE -I		
OTHER CURRENT ASSETS		
Interest accrued	165304	333746
Sundry dues realisable	2578325	2578325
TOTAL	2743629	2912071
 SCHEDULE -J		
LOANS AND ADVANCES		
Advance against purchase of goods	6472348	6142323
Advance and other dues with staff	16381782	12410555
Prepaid expenses	16905	18909
sales tax Refundable	592336	592336
Sales tax deposit	3875403	3875403
Income tax deposit	34388535	29586984
Deposits	569351	569351
TOTAL	62296660	53195861

	AS ON 31.3.2007 (Rs.)	AS ON 31.3.2006 (Rs.)
SCHEDULE -K		
CURRENT LIABILITIES		
Creditors for goods	13622898	78232501
Other Liabilities		
Liabilities for DHR Seed store Chandaka	94037	94037
Liabilities for expenses	5599069	15149464
Sales tax payable	4919776	5892126
Security deposit	2950894	3096532
Earnest money deposit	5697838	4924869
Recovery from staff to be deposited	610429	304341
Unpaid salary & allowances	16684992	6859542
Advance from customers	4625772	4607240
Dues payable to staff received from govt.	46094	46094
Unpaid dividend	5338	5338
Advance from OUAT for construction of seed store.	1646	1646
Tax deducted at source	293756	407369
Advance for construction of seed testing laboratory	179	179
TOTAL	177,758,807	119,621,278
SCHEDULE -L		
PROVISIONS		
Dividend on 11% cumulative preference shares	226523	226523
For bonus	491938	23408
For Income tax	22212219	6459003
For gratuity	14276948	13167639
TOTAL	37,207,628	19,876,573

SCHEDULE -M	2006-07	27
	(Rs.)	2005-06
		(Rs)
OTHER INCOME		
Interest on Fixed Deposit	1337337	1826549
Processing Charges	6424295	2384315
Sale of Tender Paper	82980	73400
House Rent	86154	77851
Miscellaneous Receipts	719544	84863
Auction Sale of Vehicle	59650	40510
Sale of rejected / Unserviceable Gunny Bag	1669610	205650
Reimbursement of Maint cost of Seed Bank	3480716	0
Reimbursement of Breeder Seed Cost	1888150	1526460
Grant-in Aid Training		0
Depreciation on Fixed Assets Purchased out of Grant-in-Aid	1103730	1126762
Insurance Claim	0	12000
Forfeiture of EMD	10000	0
TOTAL	16862166	7358360
SCHEDULE -N		
OPERATIONAL EXPENSES		
Transport & Carriage	842889	1289305
Electricity & Water charges	1594526	1709800
Wages	6360310	6613102
Consumable Stores	72392	197972
Incidental Expenses on Procurement	276498	68891
Packing Materials	18498518	13464824
Repair & Maintenance to Plant & Machinery	562802	379029
Market Fee	58322	411307
Truck Running Expenses	265776	312954
Truck Repair & Maintenance	45163	73320
Insurance	136188	276322
Toll Tax	57	0
Fertilizer & Pesticide	315027	261536
Hire Charges of Tractor	155386	265142
Seed Certification Expenses	1771053	2187823
Seed Treating Chemicals	881031	2169447
TOTAL	31835938	29,680,774

SCHEDULE -O	2006-07(Rs.)	2005-06 (Rs)
PERSONNEL EXPENSES		
Salary & allowances	33210949	21100336
Leave salary & pension contribution	722433	1211425
Contribution to provident fund	1961308	1375228
Contribution to GIS	55171	51355
Administrative charges for PF	170977	146691
Gratuity	1034344	720826
Bonus	468530	0
Training Expenses	0	1330
Liveries	9375	11425
TOTAL	37633087	24618616
SCHEDULE -P	2006-07 (Rs.)	2005-06 (Rs)
ADMINISTRATIVE EXPENSES		
Audit Fees	78568	77465
Auditors TA & other expenses	25484	15050
Advertisement Expenses	336970	206375
Bank Commission	826739	601179
Conveyance	19308	6931
Director's sitting fees	500	2000
Entertainment Expenses	5934	8277
Filing Fees	5000	8500
Insurance	269030	247198
Legal Expenses	147311	8853
Supervision Charges	0	612557
Miscellaneous Expenses	2325	3964
News Paper & Periodicals	4763	5429
Postage & Telegram	84457	66799
Printing & Stationery	548909	179289
Rates & Taxes	121696	187759
Rent	130800	128800
Repair & Maintenance to building	507013	81585
Seminar & Meeting Expenses	28473	14900
Tax Audit Fees	5000	5000
Telephone Expenses	336299	360885
Hire Charges of Vehicle	590549	20962
Vehicle Repair & Maintenance	9048	180034
Vehicle Running Charges	124471	676982
Fringe Benefit Tax	52151	0
	4981982	4179297

SCHEDULE-Q	2006-07 (Rs.)	2005-06(Rs)
SELLING EXPENSES		
Dealer commission	132243	63532
Transport & carriage	13703895	6378306
Storage & warehousing	1128381	2965080
TOTAL	14964519	9406918

SCHEDULE -R	2006-07s		2005-06	
PRIOR PERIOD	(Rs.)		(Rs)	
DEBITS /CREDITS	Debit (Rs)	Credit (Rs)	Debit (RS)	Credit (Rs)
Purchases	291464		286139	414451
Sales			32836	
Rent			3500	
Repair & maintenance	46504		57901	
Dealer Commission				
Telephone			763	
Bank commission			7633	
Legal Expenses	1500		0	
Transport & carriage		5303	19873	
Storage & Warehousing	43850		0	
Incidental expenses			7892	
Certification Expenses			10068	
Income Tax		483507		
Total	91854	488810	426605	414,451
Net Debit/Credit		396956	(12154)	

**CONTINGENT LIABILITIES AND NOTES FORMING PART OF THE BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR 2006-07**

01. Contingent Liabilities

- a) Dividend on 11% Cumulative Preference Shares amounting to Rs13428742.- (up to 2005-06 Rs.12697990/-) has not been provided for in accounts.
- b.) Employees State Insurance Corporation has claimed Rs.382413.00 up to end of March-2002 towards ESI dues in respect of Cold Storage, Cuttack & Bhubaneswar. The Corporation applied for the exemption of the applicability of the ESI Act to Corporation but Govt. has expressed its inability to exempt the Corporation from the purview of the ESI Act. The Corporation has obtained a stay order from the Hon'ble High Court vide OJC No.2166/97 on 10.2.97 directing the ESI authorities not to take any coercive action until further orders. Liability has been provided for Rs382413/- and Rs137208/- has been paid up to March-2003 against the above demand and has been kept in Deposit Account till finalization of the ESI matter.
- c) Sales Tax Assessment has been completed up to 2003-04. Sales tax authorities have demanded Rs. 55,02,643/- towards sales tax for different years up to the year 2000-2001 which is disputed by the Corporation and appeals have been filed against the above demand which are still pending. An amount of Rs.38,75,403/- has been paid against the above demand as demand tax, out of which Rs.38,45,403/- has been paid up to 2002-03.
- d) The Sales Tax Assessment for the year 2004-05 has been completed by the Sales Tax Authorities but the Assessment order has not yet been received.
- e) The income tax authorities have demanded Rs.4,82,14,334.00 towards income tax and surcharge for the assessment years 1998-99 and 1999-2000. The details of which are given below.

Particulars	Assessment Years		Total
	1998-99	1999-2000	
Tax & surcharge	1,23,95,236	1,14,46,414	2,38,41,650
Interest u/s 234(A)	6,19,760	5,72,320	11,92,080
Interest u/s 234(B)	1,34,79,780	97,00,824	2,31,80,604
Total Demand	2,64,94,776	2,17,19,558	4,82,14,334

- f) A sum of Rs. 2,51,07,167.00 has been paid by the Corporation to the IncomeTax authorities during the year 2004-05 & 2005-06 and kept in Income Tax Deposit A/c. The Corporation have filed appeal with ITAT against orders of CIT-Appeal. The ITAT while disposing the appeal directed to approach CBDT to exercise the power U/s 119(2)(b) to condone delay in filing return and allow to carry forward losses and depreciation. The Corporation has moved CBDT to allow carry forward the business loss and depreciation for the Assessment Year 1991-1992-96-97. The matter is pending with CBDT for which no provision has been made towards Income Tax for the aforesaid amount.
- The Income tax authorities have raised demand on the Corporation to the tune of Rs.9,87,318/- against which the Corporation has gone on appeal and the matter is under sub-judice. As against the aforesaid demand the Corporation has deposited a sum of Rs.8,65,695/- and the amount has been shown as Income tax Deposit under Schedule-J. Loans and Advance

- g) The Income Tax Authorities have raised demand of Rs.18,10,049/- for the Assessment year 2003-04 including interest and the same has been provided in the accounts of 2002-03
- h) The Income Tax Authorities have assessed Rs.2243990/- for the Assessment year 2004-05 towards Income Tax. Income tax liability on the profit of the year has been calculated at Rs.29,53,112/- and provided in the accounts of 2003-04. The excess amount of Rs.709122/- provided in the account has been accounted under prior period Adjustment A/C during the year 2005-06
- i) The Income Tax Authorities have assessed of Rs.1280969/- for the Assessment year- 2005-06 towards Income tax. The Income tax liability on the profit for the year has been calculated at Rs.1055354/- .The Balance amount of Rs.225615/- has been accounted for during 2005-06 under prior period adjustment account.
- j) The Income Tax Authorities has assessed Rs.1528124/- for the assessment year 2006-07 against which Rs 1461000/- has been deposited as advance Tax. An amount of Rs.1123995/- has been provided in accounts as Income Tax provision .
- k) The Income tax Assessment for the Assessment year 2007-08 has not been completed by Income Tax Authorities. However an amount of Rs.15753216/- has been provided in the accounts for the financial year 2006-07.
2. The Corporation accepted Assets, Stores and Spares transferred by State Govt. at Rs.6002051.00. Out of the above a sum of Rs.60.02 lakh has been allotted towards equity shares against the assets transferred. The balance amount of Rs.51.00 has been treated as share deposit. The transfer deed in respect of immovable property has not been executed.
3. The OSSC took possession of four nos. of farms located at Bargarh, Barikel, Parmanpur and Babanpur with effect from 1.6.91. Similarly, the Corporation took possession of the Barpalli farm on 1.6.92. The assets and stores of the above mentioned farms transferred by Government have not been valued till date. The depreciation has not been charged on the assets of the farms transferred by the Govt. The transfer deed is yet to be executed.
4. The Corporation purchased 4 nos. of leasehold industrial sheds at Balasore and Jeypore at a cost of Rs.11.07 lakh and Rs.2.48 lakh respectively from IDCO during the year 1990-91. The lease hold deed of the same has not been executed.
4. The Corporation has constructed storage godown at a cost of Rs.422516.00 at Keonjhar, Dhenkanal, Mayurbhanja and Sundergarh on land provided by the State Govt. The title deed of the land has not been executed in favour of the Corporation.
5. The Corporation has taken possession of eight storage godowns at a cost of Rs.56/- lakhs from D A & FP (O) as part of NSP III implementation against grant of Rs.238/- lakhs to be provided by Govt. of Orissa. The Storage godowns treated as assets created out of grant in aid and treated accordingly following the policy of govt. grant for Fixed assets.. The transfer deed of the same is yet to be executed.
07. The Corporation has taken possession of twelve processing plants at a cost of Rs.60/- lakhs from D A & FP (O) as part of NSP III implementation against grant of Rs.238/- lakhs to be provided by Govt. of Orissa. The Processing plants treated as assets created out of grant in aid and treated accordingly following the policy of govt. grant for Fixed assets. The transfer deed of the same is yet to be executed.
08. Audit fee of Statutory Auditors has been provided at Rs.10,000.00 on the basis of the recommendations of the Board of Directors to the Comptroller and Auditor General of India .
09. Balance in the accounts of Sundry Debtors, Sundry Creditors , Loans and Advances to the staff are subject to confirmation.
10. Short Term Loan from Govt. of Rs.39492869.00 (Schedule-D, 2004-05) has been fully repaid towards principal during the year 2005-06.

11. Loans and advances (Schedule-J) under the head advance & other dues with staff include Rs.167663/-(2003-04:Rs158663/-) outstanding against chairman and the Managing Director. Salary & allowances (Schedule-O) include Rs145737/-, Travelling expenses of Rs34858/-.
12. Advance and other dues with staff include Rs4743237.00 outstanding against ex-employees against which Rs.6688611/-(Previous year Rs.6688611/-)has been provided towards doubtful advance.
13. An amount of Rs.109.80 lakh has been deducted by the DA & FP (O) up to 1994-95 out of the claims of OSSC towards sale of seeds. Out of the above deduction Rs.78.85 lakh accounted by OSSC and taken into account. Balance amount of Rs.30.96 lakh not taken into account as the amount is not accepted by OSSC
14. During the year 2002-03 Director of Agriculture & Food Production, Orissa, has deducted Rs, 21,23,293/- on various grounds from the dues of the Corporation against seeds supplied to the Deputy Director of Agricultures under DA&FP (O). Besides, bills for RS.20,39,785/- are also pending at the level of DDAs & DA&FP(O) without being processed. Since, there is uncertainty regarding collection of aforesaid bill amount the entire amount of deduction and pending bills have been deducted from the sales of the current year 2002-03. Any amount that would be received in later years will be accounted on receipt basis as and when received.
15. DA&FP(O) has deducted Rs.139,92,967/- on various grounds from the dues of the Corporation pertaining to the period from 1997-98 to 2001-02. Besides, bills for total amount of Rs.4,22,87,776/- for the above mentioned period are pending at DA&FP & DDA level to be processed and finalized. The acceptability of deductions are under scrutiny. Govt. in Agriculture Department has directed a special audit on reconciliation of accounts from 1997-98 to Kharif-2005 and outstanding dues of OSSC Ltd. The audit is in progress. The deductions will be accounted on the basis of the audit report after completion of audit.
16. .During the year 2003-04, the Director of Agriculture & Food Production, Orissa has deducted Rs.2,25,468/- on various grounds from the dues of the Corporation against the seeds supplied to the different DDA Ranges. Since, there is uncertainty in realization of the deduction amount, the entire amount of Rs.2,25,468/- has been deducted from the sales of the year 2003-04. Any amount that will be received in later years will be accounted on receipt basis as and when received.
17. During the year 2004-05, the Director of Agriculture & Food Production, Orissa has deducted Rs.1743032/- on various grounds from the dues of the Corporation against the seeds supplied to the different DDA Ranges. Since, there is uncertainty in realization of the deduction amount, the entire amount of Rs1743032/-/- has been deducted from the sales of the year 2004-05. Any amount that will be received in later years will be accounted on receipt basis as and when received.
18. During the year 2005-06,the Director of Agriculture & Food Production, Orissa has deducted Rs16267255/-/-on various grounds from the dues of the corporation against seeds supplied to the different DDA Ranges .Since ,there is uncertainty in realization of the deduction amount the entire amount of Rs.16267255/- has been deducted from the sales of the year 2005-06.Any amount that will received in later years will be accounted on receipt basis as and when received.
- 20 During the year 2006-07,the Director of Agriculture & Food Production, Orissa has deducted Rs.7784540/-on various grounds from the dues of the corporation against seeds supplied to the different DDA Ranges .Since ,there is uncertainty in realization of the deduction amount the entire amount of Rs.7784540/- has been deducted from the sales of

the year 2005-06. Any amount that will be received in later years will be accounted on receipt basis as and when received.

21 The Corporation has awarded works of construction of nine Godowns for Rs.134.79lakh of which Rs.126.66 lakhs has been paid / provided up to 31st March 2007. Hence balance amount of Rs.8.13 Lakhs as estimated amount of contracts remaining to be executed on Capital account as per Schedule-VI of Companies Act.1956.

22 Information required pursuant to the provisions of Paragraph 3 and 4 Part II of Schedule VI of the Companies Act.

Class of Goods-Seeds		2006-07	2005-06
Purchases	(Qty in Qtls	252231	197505
	(Value in Rs.)	404049664	269689398
Opening stock	Qty in Qtls	110320	118760
	(Value in Rs.)	74068076	63972290
Closing stock	Qty in Qtls	135033	110320
	(Value in Rs.)	83370068	74068076
Turnover	Qty in Qtls	254769	201864
	(Value in Rs.)	517648125	338825361

Purchase excludes 3134 quintals (Previous year:-3648 Qtls) of processed seeds produced in Corporation's own farm. Similarly,85 quintals of processed seeds (Previous year:89 Quintals) utilized in Corporation's own farm is excluded from the turnover. Closing stock and Opening stock exclude standing crop. . Shortages of Q 1030 (net)valued at Rs 1398626/- has been adjusted in accounts on the basis of physical verification report for the purpose of closing stock valuation.

II. The above information include sale of sub-standard seeds as detailed below:-

Substandard seeds		2006-07	2005-06
Opening stock	Qty in Qtls	4397	8851
	(Value in Rs.)	3098208	4899266
Closing stock	Qty in Qtls	6856	9429
	(Value in Rs.)	1058622	6909938
Turnover	Qty in Qtls	9221	4397
	(Value in Rs.)	6571434	3098208

III. Details of packing materials.

Packing materials		2006-07	2005-06
Purchases	(Qty in Nos.)	963974	895000
	(Value in Rs.)	10756418	8272260
Opening stock	Qty in Nos.)	913357	662268
	(Value in Rs.)	8312056	9318141
Closing stock	Qty in Nos)	864731	913357
	(Value in Rs.)	7842211	8312056
Consumption	Qty in Nos)	1076487	643911
	(Value in Rs.)	12131720	9275049

IV. Expenditure in foreign currency

Nil

V No. of employees who are in receipt of or entitled to receive emoluments aggregating to :-
Rs.2400000/- or above per year if employed throughout the year-NIL
Rs 200000/- or more per month if employed for part of the year-NIL

© Figures pertaining to the previous year have been re-grouped and rearranged wherever necessary and rounded to the nearest rupee.

SCHEDULE – T

ACCOUNTING POLICIES FORMING PART OF ACCOUNTS

PURCHASES

The Corporation makes two types of purchases from the growers i.e.,

- a Purchase of unprocessed seeds
- b, Purchases of processed seeds. In case of former, purchases are accounted for on the basis of stock received. In case of the later though unprocessed seeds are received much earlier in Corporation plants purchases are accounted only after completion of processing. Purchases made from National Seeds Corporation are at its net value after deducting the dealer commission allowed if any.

SALES

All stock of seeds those are delivered against store delivery challans till last day of the accounting year are accounted for as sales.

Free supplies and own consumption of seeds are not evaluated.

CLOSING INVENTORY

1. Stock of processed seeds and substandard seeds / rejected seeds are valued at lower of cost or market value. The cost component consists of procurement price and transportation, other incidental charges and average cost of processing wherever necessary
2. Unprocessed seed stock are valued at procurement cost i.e. cost of procurement and carriage inward.
2. Standing crops are valued on the basis of estimated produce and at 75% of the procurement cost of seeds.
3. Farm produces included in closing stock of seeds are not distinguished and valued at 1 and 2 above.
4. Shortages and excesses found on physical verification of stock pending investigation are adjusted in the books for the purpose of closing stock valuation.
5. Packing materials are valued at weighted average cost. No valuation is done for unserviceable and damaged packing materials.

STORES & SPARES

10% value of stores and spare parts purchased during the year are taken as closing stock and the balance treated as consumption during the year.

GRATUITY

Gratuity is provided in accordance with the Provision of Gratuity Act, 1972. Actuarial valuation of the gratuity and other retirement benefits have not been made.

FIXED ASSETS

1. Fixed assets are accounted for on historical cost less depreciation. Depreciation is charged on straight line method as prescribed under section 205(b) of the Companies Act, 1956. The rates of depreciation on fixed assets are as per rates prescribed in Schedule-XIV of the Companies Act with effect from the year 1987-88. Up to the year 1986-87 the rates of depreciation were as per Income tax Rule.
2. Building includes factory building and depreciation is charged at the prescribed rate under the Companies Act 1956 for the factory building and other buildings.
3. Value of tarpauline, durry and coir-mats are written off at 50% rate assuming life of these at two years.
4. Cost of capital assets created out of Grant in aid has been credited to Grant in aid Reserve a/c. Depreciation on those assets is also charged against those reserves.
5. Premium in respect of lease hold land and lease hold building paid at the time of purchase is written off on the basis of the period of lease

STATEMENT PURSUANT TO PART-IV OF SCHEDULE TO THE COMPANIES ACT,
1956

Balance sheet abstract and Company's General Business Profile

Registration details

Registration No. 757 *State Code:* 15
Balance Sheet Date 31.3.2007

Capital raised during the year (Rupees)

Public Issue NIL *Rights issue* NIL
Bonus issue NIL *Private Placement* NIL

Position of mobilization and deployment of Funds (Rupees)

Total Liabilities 554516602 *Total Assets* 554516602
Source of Funds

Paid up capital- 25916168 *Reserve & Surplus-* 123542691
Secured loans 5420983 *Unsecured loans-* 79835373
Accumulated Profit 104834952

Application of funds

Net fixed Assets - 48470512 *Investments-* NIL
*Net Current Assets-*291138259 *Misc. Expenditure* NIL

Performance of Company

Turnover- 517648125 *Total Expenditure* 572179995
Profit before Tax 46018906 *Profit after Tax* 30265690
Earning per share Rs.156/- *Dividend per share*

Generic names of product service of the Company

Item Code No. NA
Product description NA

Sd/-S.K.Mishra
Company Secreary
OSSC Ltd,BBSR

Sd/-Dr.G.C.Jena,
Managing Director
OSSC Ltd,BBSR

Sd/-G.B.Nayak
Chairman.
OSSC Ltd,BBSR

For & on behalf of
M/S. MARP & ASSOCIATES
CHARTERED ACCOUNTANTS
Sd/-
(CAM.K.Mohapatra, FCA)
PARTNER

