

**KICHHA SUGAR COMPANY LIMITED
KICHHA, U.S. NAGAR
(UTTARAKHAND)**

ANNUAL ACCOUNTS

FOR

F.Y. ENDING 31st MARCH, 2025

(S.K. PANDEY)
C.F.O

(A.P. BAJPAI)
Executive Director

किंचना शुगर कम्पनी लि.,
 (उत्तराखण्ड सरकार का प्रतिष्ठान)
 पंजीकृत कार्यालय-किंचना-263148
 जिला-उधम सिंह नगर (उत्तराखण्ड)



KICHHA SUGAR CO. LTD.
 (A Uttarakhand Govt. Undertaking)
 Regd. Office : Kichha-263148(N.E.R.)
 Distt. Udhampur Singh Nagar (Uttarakhand)

CIN: U15421UR1972SGC003513 GSTIN: 05AABCK6699H1ZL
 Contact No. 8392928200 Website: www.kichhasugar.in
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DIRECTOR'S REPORT

To,
 The Members,
 Kichha Sugar Company Limited

Your directors are pleased in presenting their 53rd Directors Report on the business and operations of your Company together with the Audited Balance Sheet, Profit & Loss Account, Cash Flow statement and the Auditors' Report of your Company for the financial year ended, 31st March, 2025.

The summarized financial results for the year ended 31st March, 2025 are as under: -

FINANCIAL SUMMARY (STANDALONE)

PARTICULARS	CURRENT YEAR (2024-25) (in Lacs)	PREVIOUS YEAR (2023-24) (in Lacs)
Total Revenue	15128.48	16505.95
Total Expenses excluding Depreciation	18983.95	19859.94
Profit/(Loss) before Depreciation & Tax	(3855.46)	(3353.99)
Less:- Depreciation	122.44	74.70
Profit/ (Loss) after Depreciation	(3977.89)	(3428.69)
Less: i) Exceptional items	(17.79)	55.85
ii) Extraordinary items	Nil	3800.00
Profit/(Loss) before tax	(3995.69)	427.16

INDUSTRY SCENARIO AND STATE OF COMPANY'S AFFAIRS

The performance of your Company during F.Y 2024-25 is given above. The financials incorporate the revenues generated by the sale of products.

The Company has closed its books of Accounts for the financial year ended 31st of March, 2025, with a loss of Rs. 3995.69 Lacs (Three Thousand Nine Hundred and Ninety Five Lakhs Sixty Nine Thousand only) compared to the profit of Rs. 427.16 Lacs (Four Hundred Twenty Seven Lakhs Sixteen Thousand only) for the year ended 31st of March, 2024.

Your Company is involved in the business of manufacturing and trading of Sugar and its by-products like molasses, bagasse, press-muds etc.

The Board of Directors has put in lots of efforts on minimizing costs & expenses and trying their best to run the mill at their higher capacity. Your directors are determined to achieve the organizational goals and are continuously striving hard to explore different avenues of further growth for the company. Your directors expect to achieve good results in the coming future.

Your directors are continuously looking for avenues for future growth of the Company, which is promising and has vast potential.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company during the financial year.

OPERATING RESULTS

Comparative operating results for the last 10 seasons are given below:

Season	Duration (gross days)	Cane crushed (lac qtl)	Total Sugar Production (in qtl)	Pol %	Average Sugar recovery cane(%)	Sugar losses % cane
2014-15	113	36.59	341320	11.29	9.24	2.06
2015-16	101	31.30	303730	11.69	9.63	2.07
2016-17	104	32.47	325150	11.96	9.93	2.03
2017-18	141	44.21	454053	12.33	10.22	2.11
2018-19	144	41.49	443425	12.74	10.70	2.04
2019-20	159	45.59	478283	12.63	10.49	2.15
2020-21	143	39.73	426490	12.74	10.73	2.02
2021-22	131	39.17	405761	12.29	10.36	1.94
2022-23	130	41.90	434387	12.44	10.37	2.07
2023-24	101	30.08	325659	12.87	10.82	2.05
2024-25	98	30.91	308151	12.10	9.96	2.15

Season	Total Hrs. lost % available	Cane crushing in 24 hrs. including stoppage (qtl)	Cane crushed in 24 Hrs. excluding stoppage (Qtl)	Cane crushed in 22 Hrs. excluding stoppage (Qtl)	Capacity utilization %
2014-15	7.00	32385	34980	32101	81.32
2015-16	8.70	30991	33886	31062	78.80
2016-17	8.03	31221	33823	31004	79.51
2017-18	9.85	31354	35042	32122	78.95
2018-19	15.60	28810	34286	31428	72.03
2019-20	20.19	28957	36280	33256	72.39
2020-21	16.20	28025	33443	30656	70.06
2021-22	15.25	30309	35762	32782	74.76
2022-23	10.44	32339	36113	33104	80.84
2023-24	14.20	30015	34982	32065	75.04
2024-25	7.93	31779	34517	31640	79.43

CANE MANAGEMENT

Daily crushing capacity of your mill is 4000 TCD/Actual 3600 TCD for which 36 lac qtls. sugarcane is required, while 30.90 lac qtls. cane was received during the crushing season 2024-25. We expect that 32.50 lac qtls sugarcane will be available in the next crushing season 2025-26, our plan to cover the

shortage of cane, by promoting cane development and extra Satta plan in the reserved area of the mill. Cane Growers who are engaged in farming but not member of Cane Society, are being made member and cane purchase from Baheri (U.P.).

CANE DEVELOPMENT

Keen in view the betterment of cane growers of reserved areas, your Company has always been contributing to the plans of cane development initiated by the Cane Deptt. of State Government. Early & developed variety of cane is being increased.

In relation to this, your factory has contributed in following Cane Development Plans: -

A. REPLACEMENT OF CANE SEED VARIETY:

1. Under varietal replacement, during winter & summer sowing early variety cane is used.
2. 100% transportation charges are born by the Company on cane seed procured from Cane seed research centers.
3. 15% Subsidy is being paid by the Company on pesticides used for cane crop seed & sail treatment.
4. Cane Seed transported from 'Karnal' (Haryana) and 'Faridkot' (Punjab) out of State where Cane Research Centre are established & best quality of cane seed is being distributed to growers through the Cane Development Council.
5. Rate difference of cane seed from Research Centre & cane price declared by the Govt., is born by the factory.
6. The facility of Press mud is extended to cane growers on concessional rates.
7. Special incentive on cane sowing: -An incentive in the form of internal transportation charges is provided to cane growers to increase Early Variety Cane sowing for sowing of Early Variety of cane i.e., COJ 85, 0118, 15023, COS-13235, COLK 14201, COPb-96, COLK-15201, COS-17231, 18231, 8272, COLK 16202, CO 3102, COP 12226, 13224, 97222 and midlate variety COPb 98, CO 13035 and CO 17018.
8. Soil Testing facility is being made available to the growers with the help of Cane Development Council.

B. The cane growers are being initiated for using of Trench system, cane sowing at a distance of 4-5' for achieving better farming activities, Excess production per Hect. & Better recovery percentage. Under this system, enough cane sowing is made during the last year & a plan is being made about sowing of cane in most of the agricultural area by adopting this system.

C. ESTABLISHMENT OF CANE SEED FARM AT FACTORY SITE:

A small farm of 12.000 Hect. in mill campus has been developed to multiply the approved varieties of cane brought from Cane Research Centres. During the year, Co- 15023 variety is sowed in the Farm and Oct. 2025 - Cos 17231, 18231, CO 3102, COLK 15206, 15466, 13235, 16202, 98.

Our plan is to produce & distribute the following early variety cane seeds to the cane growers: -

Co. P.B. 96, 98, Co. 118, 239, 12029, 13035, 15023, Co. L.K. 15201, 14201 and Cos. 13235, CoLK 15206, Cos 17231, CoP 12221, 12226, 13224, CO 17018 and Cos 18231.

D. Seed Treatment Plant is being setup and functioning properly and One Hotwater Treatment Plant is in process of Purchase.

DIVIDEND

The directors feel regret to report that, due to accumulated losses your directors do not recommend any dividend for the financial year ended March 31, 2025.

CAPITAL STRUCTURE

During the year under review there has been no changes in the share capital of the company.

Authorized Share Capital:

Authorized Share Capital of your Company remained Rs. 2030.00 Lacs comprising of 3000-9% (Free of Company's Tax but subject to deduction of Tax at source) redeemable cumulative Preference Shares of the face value of Rs. 1000/- each and 20,00,000 Equity Shares of the face value of Rs. 100/- each.

Issued Share Capital:

Issued Share Capital of your Company remained Rs. 18,40,63,500 & divided into 18,40,635 Equity Shares of face value of Rs. 100/- each.

Subscribed Share Capital:

Subscribed Share Capital of your Company remained Rs. 17,99,04,200/- and divided into 17,99,042 Equity Shares of face value of Rs. 100/- each.

Paid up Share Capital:

Paid up share capital of your Company also remained Rs. 17,98,64,300/- and divided into 17,98,643 Equity Share of face value of Rs. 100/- each.

During the Financial Year, 97.49% of Share Capital of your company continued to be held by Hon'ble Governor of Uttarakhand. As such, the Company continued to be a Government Company within the meaning of Section 394 of The Companies Act, 2013.

ENVIRONMENTAL PROTECTION

Your factory has adequate environmental protection arrangement. According to norms of Environment Control Board, we have installed Wet Scrubber, Tertiary Treatment Plant & online monitoring system with the Govt. financial assistance of Rs. 12.09 Lakh. The system successfully operated during the crushing season 2017-18 to 2024-25.

Factory is running in such a manner that no noise arises of such a nature which adversely affect inside the factory & also factory colony or public life.

RIGHT TO INFORMATION ACT, 2005

Provision of RTI Act is being followed by the Company. During the year under review, Company has received applications under RTI Act and all applications received, have been disposed off as at 31.03.2025.

INDUSTRIAL RELATIONS

During the year 2024-2025, relations between management & workers remained cordial and harmonious, resulting in successful completion of crushing season.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The day-to-day management of the Company is entrusted to its key managerial personnel who operate under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the Management to ensure that the long-term objective of enhancing stakeholder's value is met.

Your Company's Board comprises of the following Directors and KMP's as on 31.03.2025:

S.No.	Name	Designation	DIN / PAN
1.	Shri Ranvir Singh Chauhan	Chairman	07934778
2.	Shri Shyam Singh	Nominee Director	11032853
3.	Shri Trilok Singh	Whole- Time Director (Executive Director)	09311718
4.	Shri Dev Vrat Rana	Independent Director	02910081
5.	Shri Dharmendra Singh	Independent Director	10085124
6.	Shri Sanjay Kumar Pandey	Chief Financial Officer	AUSPP4490R
7.	Shri Harsh Tiwari	Company Secretary	ARHPT5411A

Following changes have occurred during the Financial year 2024-2025 in Board of Directors and KMP's :-

1. Appointment of Mr. Ranvir Singh Chauhan, Nominee Director w.e.f. 03/12/2024 and change in designation as Chairman w.e.f. 01/01/2025
2. Appointment of Mr. Shyam Singh, Nominee Director w.e.f. 18/03/2025
3. Cessation of Mr. Udairaj Singh, Nominee Director w.e.f. 29/11/2024
4. Cessation of Mr. Vijay Kumar Yadav, Nominee Director w.e.f. 01/01/2025

Following changes have occurred after the financial year ending on 31.03.2025 in Board of Directors and KMP's :-

1. Appointment of Mr. Prakash Chandra Dumka, Nominee Director w.e.f. 20/06/2025
2. Appointment of Mr. Abja Prasad Bajpal, Executive Director w.e.f. 20/06/2025
3. Appointment of Mrs. Astha Mohan, Company Secretary w.e.f. 01/08/2025
4. Cessation of Mr. Trilok Singh, Executive Director w.e.f. 20/06/2025
5. Cessation of Mr. Shyam Singh, Nominee Director w.e.f. 20/06/2025
6. Cessation of Mr. Harsh Tiwari, Company Secretary w.e.f. 10/06/2025

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors of the Company met '4' times during the year under review on 29/04/2024, 20/08/2024, 19/09/2024 and 10/01/2025 and in respect of which proper notices were given and the proceedings were properly recorded, signed and maintained in the minute's book kept by the Company for the purpose.

INDEPENDENT DIRECTORS

As per Section 149(4) your Company is required to appoint at least 2 nos. of independent directors in the Board which we have appointed on 24/01/2023 and duly regularised in 51st Annual General Meeting. Details are mentioned below:

1. Shri Dev Vrat Rana, DIN: 02910081
2. Shri Dharmendra Singh, DIN: 10085124

COMMITTEES OF THE BOARD OF DIRECTORS OF THE COMPANY

For effective and efficient functioning of the Company, the Board of Directors has constituted the following Committees:

1) Audit Committee:-

Your company is a government company and due to this some of the provisions of Section 177 of the Companies Act, 2013 are not applicable to your Company. Further, Board has appointed 2 Independent Director on 24/01/2023, and the Audit Committee is being re-constituted on 196th Board Meeting held on 28/08/2025. The Board has reconstituted the Audit Committee by appointing Shri Prakash Chandra Dumka as Chairman in place of Shri Shyam Singh and Shri Abja Prasad Bajpai as Member in place of Shri Trilok Singh Martolia, and further resolved that henceforth the Nominee Director (Additional Secretary, Cane Development & Sugar Industry, Uttarakhand) shall act as ex-officio Chairman and the Executive Director as Member of the Audit Committee.

The members of the Audit Committee as on date:

S.No.	Name:	Designation (in Company)	Designation (in Audit Committee)
1.	Shri. Prakash Chandra Dumka	Nominee Director	Chairman
2.	Shri A.P. Bajpai	Executive Director	Member
3.	Shri Dev Vrat Rana	Independent Director	Member
4.	Shri Dharmendra Singh	Independent Director	Member

2) Nomination and Remuneration Committee:-

As already discussed, your company is a government company and due to MCA notification dated 05th June, 2015 some of the provisions of Section 178 are not applicable to your company. The Company considers human resources as its invaluable assets. Further, Board has appointed 2

Independent Director on 24/01/2023, and deferred the constitution of Nomination and Remuneration Committee to the next F.Y.

MEETINGS OF THE MEMBERS

The 52nd Annual General Meeting of the Company for the financial year 2023-2024 was held on Wednesday, 18th December, 2024 at 11:30 A.M. at the Guest House in front of registered office of the Company at Kichha, Udhampur, Jammu and Kashmir - 263148.

PARTICULARS OF THE EXTRA-ORDINARY GENERAL MEETING OF THE COMPANY HELD DURING THE YEAR

During the year under review no Extra-ordinary general meeting has been held.

COST AUDIT

The Directors have appointed M/s. Satnam Singh Saggu, Cost Accountant as the Cost Auditors to audit the accounts relating to manufacturing of Sugar for the financial year ending March 31, 2025. The Cost Auditor in his report has made the following observations during the Cost Audit and pointwise reply of Management to the same is reproduced hereof.

S.NO.	COST AUDITORS' OBSERVATION	MANAGEMENT REPLY
1	Being a old and small capacity plant; the cost of maintenance as well as fixed costs are very high & under utilisation of capacity results in high conversion cost.	The Management of the Company noted the same and states that: During FY 2023-24, three new CF Machines were installed, and two boilers were modified. During FY 2024-25, two steam engines were replaced with ACVFD and one boiler was modified. In FY 2025-26, the management also states that the installation of 3.0 MW turbine is in progress. Due to the said modifications, the breakdown is very low resulting in reducing the overall conversion cost. The Cane Commissioner is also requested to allocate 45 Lacs quintal Reserve Cane for new session.
2	Recovery percent of sugar is also low as compared to other sugar mills probably due to the inferior sugarcane varieties in this area as well as hidden wastages at different levels of process.	The Management of the Company wishes to clarify that the reserved cane area comprises approximately 40-50% low-lying land. To improve the recovery percentage of cane, the management is planning to procure quality seed varieties from research centres located in Shahjahanpur, Pantnagar, and Kapurthala. Also to provide support through various cane development committees as well as providing quality seeds grown in mill farm campus and by providing pesticides in case of disease outbreak. Our Cane Department

		representatives are actively participating in Farmers seminars organized by Cane Department in various cane growing villages to make farmers aware about quality cane varieties and to address issues raised by cane growing farmers.
3	Employees cost is on higher side.	In this matter, the Management of the Company would like to state that the salary and wages are determined by the Government, and the Company is obligated to comply with the same. However, since most of the employees have now retired, the Company is engaging outsourced workers to carry out the required work. Further, as per the order of the Hon'ble High Court, a Tripartite Committee has been constituted with the assistance of the Government to take necessary action in this regard and the management has raised its view strongly before the Committee regarding rational wages.
4	Carrying cost of stocks is also high.	The Management of the Company wishes to state that, since the Central Government determines the sales quota, stock is often held for extended periods, leading to higher carrying costs.

As per the suggestions given by the cost auditor for FY 2024-25, the Management states that the Company is implementing measures to reduce costs and improve profitability, including timely cane receipt, FRP payment with SAP subsidy, strengthening cane development, plant maintenance, monitoring wastage, and optimizing manpower through regular work reporting.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, there are no particulars of loans, guarantees or investments made under section 186 of the Companies Act, 2013.

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

There has not been any material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH THE RELATED PARTIES

Company has not entered into any related party transaction which is to be covered under Section 188 of the Companies Act, 2013. ,

STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES

As the paidup share capital of your Company is less than Rs. 25 Crore, the Statement indicating the manner in which the formal annual evaluation has been made by the Board of its own performance, its Director's and that of its Committees is not applicable on your Company.

DISCLOSURE OF REMUNERATION OF EMPLOYEES COVERED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

None of the employee of your Company, who was employed throughout the financial year, was in receipt of remuneration in aggregate of One Crore two lakh rupees or more or if employed for the part of the financial year was in receipt of remuneration of eight lakh and fifty thousand rupees or more per month.

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

No such kind of orders has been passed by the regulators or courts or tribunals during the financial year 2024-25.

NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the year under review, there is no Subsidiary, Joint Venture or Associate Company.

DEPOSITS

The Company has not accepted any deposits under the applicable provisions of the Companies Act, 2013 and the rules framed there under.

AUDITORS

Under Section 139 of the Companies Act, 2013, Comptroller & Auditor General of India vide their appointment letter dated 21/09/2024 have appointed M/s. Manoj Vatsal and Co., Chartered Accountants, Haldwani (FRN- 010155C), to conduct the statutory audit of Annual Accounts of the company for the F.Y. ended on 31st March, 2025.

AUDITORS' REPORT

Statutory Auditor in their report has made their observation in following words and pointwise reply of Management to the same is reproduced hereof. The Auditor's Report does not contain any information in relation to fraud.

S.NO.	STATUTORY AUDITORS' OBSERVATION (KEY AUDIT MATTER)	MANAGEMENT REPLY
1	<p>We draw attention to Note 6 of the Statement of financial position, the Company has defaulted on several loans advanced by the state government amounting to a total outstanding of long-term debt of Rs. 11,631.69 Lacs on which interest accrued during the year is Rs. 1,835.09 lacs.</p> <p>No clarification has been received regarding the total interest accrued up to 31.03.2025 of Rs. 26,049.48 lacs</p> <p>Where the Interest accrued amount has far exceeded the principal loan amount, charging further interest on defaulted loan where there is uncertainty regarding repayment of interest, we advise no further interest should either be charged or provided for but instead be properly disclosed in the Notes to accounts highlighting the material uncertainty that arises on the going concern assumption in case the interest becomes payable along with possible government action regarding the same.</p>	<p>Due to the significant disparity between the selling price of sugar and its cost of production, coupled with uncertainty regarding the availability of raw materials, the Company is presently unable to repay its long-term debt. However, the Management of the Company took note of the opinion given by the Auditor and has assured to make best efforts to align respective matter after taking observation of CAG.</p>
2	<p>The Company recognised a provision of ₹2.96 crore towards gratuity payable to its Gadarpur staff. As per Revised Schedule III to the Companies Act, 2013, such actuarially determined gratuity liabilities, not expected to be settled wholly within twelve months, are required to be presented under Long-Term Provisions. The Company has complied with this requirement in the financial statements. Considering the significance of correct classification, this matter was identified as a key audit matter</p>	<p>The Management of the Company has appropriately classified the provision of ₹2.96 crore towards gratuity payable to its Gadarpur staff and has presented the same under "Long-Term Provisions" in the Balance Sheet for the financial year ending 31.03.2025.</p>
3	<p>The Company reversed Provision towards Gratuity following a High Court Order, reversing the increase in Basic payable to the employees. The Order did not authorize recovery for excess gratuity paid to the employees who had retired, however, for the remaining employees, Gratuity has been reappraised and the excess Provision of Rs232.57 lacs reversal has been credited to Other Income.</p>	<p>Pursuant to the order of the High Court, the Company has reversed the provision for gratuity by withdrawing the earlier increase in the basic pay of employees. This reversal has been carried out solely for disclosure purposes.</p>

4	The Uttarakhand Govt. used to provide a Revenue Grant to offset the Operating loss of the Sugar Mill. Operating losses continue and from the FY 2024-25, the Revenue Grant has been converted to a Loan, with a moratorium period for repayment of Interest 12 month	This adjustment is made purely for informational purposes.
S.NO.	STATUTORY AUDITORS' OBSERVATION (EMPHASIS MATTER)	MANAGEMENT REPLY
1	The defaulted loans received from the State Government have been classified under other current liabilities- current maturity of long-term debt. The management reply regarding such treatment was, On account of lack of clarity regarding the government's action for such loans, such classification was followed. This presents a skewed CA ratio as the entire defaulted loan amount is presented under other current liabilities. Since the loan is not expected to be settled with the next 12 months, its classification as current liability is inconsistent with conceptual accounting framework.	The Management of the Company took note of the opinion given by the Auditor and has assured to make best efforts to align respective matter after taking observation of CAG.
2	We draw attention to Note 5 of the financial statements, which describes that the Company had created a gratuity provision of ₹578.77 lakhs in FY 2023-24 covering the service period of employees prior to their transfer. During the current year, based on revised actuarial calculations, the Company reversed ₹232.58 lakhs to the Statement of Profit and Loss. The closing provision as at the reporting date stands at ₹296.66 lakhs in respect of 25 permanent and 92 seasonal employees of Gadarpur Mill who were transferred to Kiccha Sugar Mill in 2015. Our opinion is not modified in respect of this matter.	The Management of the Company has appropriately classified the provision of ₹2.96 crore towards gratuity payable to its Gadarpur staff and has presented the same under "Long-Term Provisions" in the Balance Sheet for the financial year ending 31.03.2025.
3	The very low yield per ton of sugar cane crushed (only 10%), the high expenditure incurred on Repairs to run an old Plant (more than the depreciated value of Plant excluding Modernization) and the very high Wages, (over Rs. 70,000 per employee including end of term benefits and medical expenses) puts an uneconomical financial burden on manufacturing and the Cost per quintal of Sugar would always be higher than the Sales realization per quintal.	In this matter, the Management of the Company wishes to clarify that, owing to the inherent uncertainty in the percentage of sugar content in sugarcane, it is difficult to accurately assess the revenue. Under the seed replacement program, sugarcane seeds of high sugar content varieties developed by Sugarcane Research Centers are being distributed to farmers through the mill level.
4	It was observed that certain debit balances appearing under the head "Sugar Selling Commission Payable" represent penalties	Management took note of this opinion and will make efforts in upcoming year.

	<p>recoverable from selling agents who have failed to fulfil specific contractual conditions. These amounts have been classified and presented under "Sundry Debtors" in the financial statements. It is imperative to reclassify such recoverable penalties from "Sundry Debtors" to a distinct ledger head such as "Other Receivables" or "Recoverable from Agents", to accurately reflect their nature.</p>	
5	<p>As per Note no.7 Other current liabilities- Other liabilities. The Company has extended advances to 136 employees, resulting in an outstanding debit balance of ₹25.15 lakhs and a credit balance of ₹7.86 lakhs as on the reporting date. As informed by the management, these balances pertain to funds provided to employees for day-to-day operational purposes during the normal course of business.</p>	<p>A reduction in salary due to the High Court order has led to a related dispute due to which the Company has extended advance against salary to 136 employees, resulting in a debit balance of ₹25.15 lakhs and the same is not related to regular operational purposes. However, appropriate adjustment have been carried out in this regard.</p>
6	<p>We draw attention to the fact that a demand of ₹0.08 crore continues to appear on the TRACES portal. The Company has represented that this demand, arising from PAN errors and challan mismatches, has already been rectified through filing of revised returns, and confirmation in this regard has been communicated to the Department. The persistence of the demand on the portal is stated to be due to technical or other reasons. No provision has been made in the financial statements for the said demand. Our opinion is not modified in respect of this matter.</p>	<p>Management clarifies that the demand of ₹0.08 crore appearing on the TRACES portal has already been rectified through filing of revised returns, and confirmation has been communicated to the Department. The continued appearance of the demand is due to technical reasons, and hence, no provision has been made in the financial statements. However, the Management will make efforts to resolve this issue in upcoming year.</p>
7	<p>We draw attention to Note 24 -Contingent Liabilities of the financial statements regarding Income Tax demands amounting to ₹35.99 lakhs for Assessment Years 2014-15 and 2021-22, which have been disclosed as Contingent Liabilities. The eventual outcome of these matters is dependent on adjudication/rectification by the relevant authorities. Our opinion is not modified in respect of this matter.</p>	<p>The Company has disclosed contingent liabilities in the financial statements pertaining to Income Tax demands amounting to ₹35.99 lakhs for the Assessment Years 2014-15 and 2021-22. The current status of the demand for Assessment Year 2014-15 is still pending, as no order has been received to date.</p> <p>The case pertains to the verification of transactions related to M/s Rishabh & Co. During FY 2013-14, the Company followed a manual system for uploading bills (specifically excise and factory bills). Due to the poor legibility of certain bills, an assessment order was issued on 31.03.2022. Against this, the Company filed an appeal before the CIT (Appeals) on 21.04.2022.</p>

Subsequently, a hearing was scheduled on 19.12.2023, for which the Company sought an extension and was permitted to submit its reply by 05.01.2024. The reply was duly submitted on 03.01.2024. Thereafter, another hearing was held on 10.09.2025 for further clarification, and the Company submitted its response on 05.09.2025. As of now, the final order for the said matter is still awaited.

The current status of the demand for Assessment Year 2021-22 is that no hearing date has been received from the CIT to date.

The case relates to the filing of the Tax Audit Return, for which the due date was 15.03.2022 owing to the COVID-19 pandemic. The return was filed on 14.03.2022. However, due to a dispute, the Tax Auditor did not consider the provision for leave encashment payment while filing the return.

The last date for filing the revised Tax Audit Return was 31.03.2022, which was not filed by the Company. Subsequently, an assessment order dated 15.12.2022 was received, against which the Company filed an appeal before the CIT (Appeals) on 09.01.2023.

As no notice was received for the hearing, the CIT passed an ex parte order on 07.06.2024. In response, the Company filed an appeal before the ITAT on 28.06.2024. The ITAT, vide its order dated 19.03.2025, remanded the matter back to the CIT for reconsideration.

Since then, the Company has not received any hearing date in this matter.

Except that there is no qualification, reservation or adverse remarks or disclaimer made by Statutory auditors in their report.

SECRETARIAL AUDIT REPORT

The requirement of obtaining a Secretarial Audit Report from the Practicing Company Secretary is not applicable to the Company.

SECRETARIAL STANDARDS

Your Company have adopted Secretarial Standard-1 (Board Meeting) and Secretarial Standards-2 (General Meetings) (together referred to as the Secretarial Standards) w.e.f 1st July, 2015 as approved by the Central Government and issued by the Institute of Company Secretaries of India

(ICSI) under the provisions of Section 118(10) of the Companies Act, 2013 (the Act), vide ICSI Notification No. 1 (SS) of 2015 dated April 23rd, 2015 and published in the Gazette of India Extraordinary Part III - Section 4.

CORPORATE SOCIAL RESPONSIBILITY

Today, businesses have an extended set of stakeholders – local communities, social organizations and the society in general with the ability to influence the future of business. The stakeholders have ethical, social and environmental expectations that extend beyond financial goals and legal expectations – implicit social contracts that enterprise must honor. We believe that these social covenants are fundamental to nurturing stakeholder trust and ensuring business continuity.

You Company believes that Corporate Social Responsibility (CSR) is about the integration of social, environmental and economic considerations into the decision – making structures and processes of business. It is about using innovation to find creative and value- added solutions and societal and environmental challenges. It is about engaging shareholder and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. Ultimately, it is about delivering improved shareholder value, providing enhanced services, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term.

As per the provisions of Section 135 of the Companies Act, 2013, read with rules framed there under, every company including its holding or subsidiary and a foreign company, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of Section 135 of the Act and its rules.

Since the Company is falling under criteria specified in sub-section (1) of section 135 of the Act, your board of directors have approved a Corporate Social Responsibility ("CSR") Policy at their meeting held on 23rd February, 2021 and vested the duties & functions of **CSR committee*** in the entire board of directors.

Subject to the Ministry of Corporate Affairs Notification dated 28th September, 2020 attention has been drawn on ***any reference of 'CSR Committee' in this policy shall be discharged by entire Board of Directors of the company until any CSR Committee of the board has not been constituted for the purpose.**

Ministry of Corporate Affairs vide their notification dated 28th September, 2020 related to Companies (Amendment) Act, 2020 have inserted following Sub-section (9) in Section 135 of the Companies Act, 2013:

"(9) Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company."

Your Company falls under the abovementioned criteria and thus entire Board of Directors shall ensure operating system and monitoring mechanism for development and implementation of CSR activities.

CSR programs undertaken by your Company include activities specified in Schedule VII of the Companies Act 2013 & Rules made thereunder for the benefit of community at large. Your Company

CSR efforts are focused in the immediate vicinity of its plant where your Company's operation is situated, ensuring that majority CSR funds are spent on activities addressing the needs of the local community.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company does not fall under the criteria prescribed for CSR applicability during the financial year 2024-25. Accordingly, the provisions relating to spending on CSR activities are not applicable. In the event the Company becomes eligible in future, necessary compliance shall be ensured in accordance with the Act and applicable rules.

Detailed policy of Corporate Social Responsibility ("CSR") as per section 135 of companies Act, 2013 was framed in the financial year 2020-2021 and the same is available at Company's website <http://kichhasugar.com/OtherInfo> for public viewing.

An annual report on detailed CSR activities forming part of this report is annexed as **ANNEXURE-A**.

HEALTH & SAFETY

The management has identified measures for health and safety in all its operations as a key business imperative. The health initiatives have a special focus on the health of women employees. These are designed to provide an injury – free working environment for a healthy and happy workplace.

VIGIL MECHANISM

The provisions regarding vigil mechanism as provided in Section 177(9) of the Companies Act, 2013 read with rules framed there under are applicable on your Company. Further, Board has appointed 2 (two) Independent Director on 24/01/2023, and deferred the mechanism to be functional to the next F.Y.

INTERNAL CONTROL SYSTEMS

The Company's internal control systems are adequate and commensurate with the nature and size of the Company and it ensures:

- Timely and accurate financial reporting in accordance with applicable accounting standards.
- Optimum utilization, efficient monitoring, timely maintenance and safety of its assets.
- Compliance with applicable laws, regulations and management policies.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company is pleased to report that during the year under reporting, the industrial relations were cordial.

The Company continues to take new initiatives to further align its HR Policies to meet the growing needs of its business. People development continues to be a key focus area in your Company.

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

Since your company is engaged in the manufacturing activity, information required to be provided under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption and foreign exchange earnings and outgo, have been furnished in

considering the nature of activities undertaken by the company during the year under review. The **ANNEXURE-B** is attached herewith with regard to the Conservation of Energy and Technology Absorption.

LIQUIDITY

Your Company maintains sufficient cash to meet our strategic objectives. We clearly understand that the liquidity in the Balance Sheet is to ensure balance between earning adequate returns and the need to cover financial and business risks. Liquidity also enables your Company to position itself for quick responses to market dynamics.

CORPORATE GOVERNANCE

The Company follows a good governance structure that specifies the distribution of rights and responsibilities among different participants in the organizations (such as the Board of Directors, managers, shareholders, creditors, auditors and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. The structure allows the organization to pursue its objectives together with the alignment of interests of the stakeholders.

The Corporate Governance Philosophy of your Company stems from its belief that the Company's business strategy, plans and decisions should be consistent with the welfare of all its stakeholders, including Shareholders. Good Corporate Governance practices enable a Company to attract financial and human capital and leverage these resources to maximize long-term shareholder value, while preserving the interests of multiple stakeholders, including the society at large.

Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals of eminence, inducting competent professionals across the organization and putting in place appropriate system, process and technology.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, it is hereby confirmed:

- a) that in the preparation of the annual accounts for the period ended 31.03.2025, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the Company for the period ended 31.03.2025;
- c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the Directors had prepared the annual accounts on a going concern basis and
- e) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE ("POSH"):

The Company has adopted a policy for prevention of sexual harassment at the workplace, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). An Internal Complaints Committee ("ICC") has been duly constituted on 28th April 2025 as per the provisions of the POSH Act to redress complaints regarding sexual harassment at the workplace. Any complaints, if received during the financial year 2025-26, will be reported in the Board's Report for the next financial year."

PROCEEDINGS PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE 2016: There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

DIFFERENCE IN VALUATION: The Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.

MATERNITY BENEFIT: The Company affirms that it has duly complied with all provisions of the Maternity Benefit Act, 1961, and has extended all statutory benefits to eligible women employees during the year.

ACKNOWLEDGEMENT

Your Board takes this opportunity to place on record their appreciation for the dedication and commitment of employees shown at all levels. Your Board also wishes to place on record its appreciation for the services rendered by its auditor, consultants and business partners. Your directors' wishes to express their gratitude for the valuable support and co-operation received from the Central and State Government Authorities and place on record its sincere thanks to all the stakeholders including Bankers, Financial Institutions, Investors, Service Providers as well as regulatory and government authorities for extending support and placing their faith and trust on the Board.

Place: Dehradun
Date: 30.10.2025

On behalf of the Board
KICHHA SUGAR COMPANY LIMITED



Abja Prasad Bajpai
(Executive Director)
DIN: 11192914



Prakash Chandra Dumka
(Director)
DIN: 07361054

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH 2024

1. **Brief outline on CSR Policy of the Company:**
The Board of Directors (Board) adopted the CSR Policy (Policy) on February 23, 2021 which is available on the Company's website. The Company's CSR is in alignment with the Kichha Sugar Company Limited focus initiatives – Education, Water, Health, and Sanitation.
2. **Composition of CSR Committee:** Subject to the Ministry of Corporate Affairs Notification dated 28th September, 2020 attention has been drawn on any reference of 'CSR Committee' in this annual return/policy shall be discharged by entire Board of Directors of the company until any CSR Committee of the board has not been constituted for the purpose.
3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. - <http://kichhasugar.com/OtherInfo>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). -Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1	NIL	NIL	NIL
2	NIL	NIL	NIL
	TOTAL	NIL	NIL

6. Average net profit of the company as per section 135(5): N.A.

7. (a) Two percent of average net profit of the company as per section 135(5): N.A.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b- 7c): NIL

8. (a) CSR amount spent or unspent for the financial year:

Amount Unspent (in Rs.)			
Total Amount Spent for the Financial Year. (in Rs.)	Total Amount Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).	
Amount.	Date of transfer.	Name of the Fund	Amount.
NIL	NA	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project in Schedule VII to the Act.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.	(6) Project duration.	(7) Amount allocated for the project (in Rs.).	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of implementation - Through Agency	(11) Mode of implementation - Through Agency
1.	-	-	-	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-	-	-	-
TOTAL										

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/ No).	(5) Location of the project.		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through CSR registration number.
				State	District			
1.	NIL	-	-	-	-	-	-	-
2.	TOTAL							

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment, if applicable - NA
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e) - NA
 (g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in thousand)
(i)	Two percent of average net profit of the company as per Section 135(5)	N.A.
(ii)	Total amount spent for the Financial Year	N.A.
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.	Amount remaining to be spent in succeeding financial years (in Rs.)
1.	NA	NIL	NIL	-	-
2.	NA	NIL	NIL	-	-
	TOTAL	NIL	NIL	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SL No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project- Completed/Ongoing.
1.	-	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year
(asset-wise details).

- Date of creation or acquisition of the capital asset(s). - NIL
- Amount of CSR spent for creation or acquisition of capital asset. - NIL
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - NIL
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). - NIL

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5), NA

Abja Prasad Bajpai
 (Executive Director)
 DIN: 11192914

Prakash Chandra Dumka
 (Director)
 DIN: 07361054

ANNEXURE -B OF DIRECTORS' REPORT TO THE MEMBERS

Form for disclosure of particulars with respect to conservation of energy, technology absorption & foreign earning & outgo.

(A) Conservation of Energy- Following equipment have been installed to conserve the energy:-

1. Vapour Line Juice Heater for boiling of Raw Juice.
2. Condensate Flash Recovery
3. Double effect Semi Kestner with pre-evaporator.

FORM - A

Particulars	Financial year 2024-25	Financial year 2023-24
Power & Fuel consumption:		
A. Electricity:		
Purchased Unit	1587712	1628679
Total amount (in Rs.)	16000320	14317427
Rate/unit (in Rs.)	10.08	8.79
B. Own Generation:		
i) Units produced through Diesel Generator	30312	34493
Units produced by per Ltr. of Diesel	4.21	4.21
Cost per unit	20.88	21.40
ii) Units produced through Steam Turbine	7675560	7474356
Unit per Ltr. Gas/Oil	-	-
Units produced per Tonne Bagasse	81.48	81.33
Cost per unit	-	21.52
iii) Coal	-	-
Quantity (Tonnes)	-	-
Total cost (in Rs.)	-	-
Average Rate (in Rs.)	-	-
iv) Other Internal Generation	-	-
Units	-	-
Rate/unit	-	-
Power consumed on Generation of per unit:	-	-
Standard, if any.	-	-
Power consumed on per qtl. Sugar production:		
Electricity (Units) Hydel	5.21	5.00
Coal	-	-
Other -From Diesel (DG set)	0.10	0.11
From Bagasse (Steam Turbine)	25.21	22.95

(B) Technology Absorption -

FORM B

Form for disclosure of particulars with respect to absorption

Research & Development:

1. Areas in which R & D work done
2. Profit by R & D work
3. Expenditure on R & D

Nil

Nil

Nil

(C) Receipt & Expenditure of Foreign Currency

1. Earned Foreign Currency
2. Expenditure of Foreign currency

Nil

Nil


(D. C. Pandey)
I/c Chief Engineer


(Ashish Trivedi)
I/c Chief Chemist


(A.P. Bajpal)
Executive Director


(Prakash Chandra Dumka)
Director

INDEPENDENT AUDITORS' REPORT

To
The Member of the Kichha Sugar Company Limited
Report on the Audit of Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statement of The Kichha Sugar Company Limited ("the Company"), which comprise the standalone Balance sheet as at 31st March 2025, and the standalone Statement of Profit and Loss, the Statement of Cash flows for the year then ended, and notes to the standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statement").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2025 and profit/loss, and its Cash flows for the year ended on that date.

Basis of Qualified Opinion

We draw attention to **Note 2.1** Reserve and Surplus in the Balance Sheet which reported cumulative loss of **Rs. 34,332.01 lacs**. The Company's lack of ability to generate Operational profits without Government assistance to meet operating expenses is indicative of material uncertainty regarding the going concern assumption.

The Company has also eroded its net worth, consecutive losses coupled with outstanding loan interest and principal repayment for defaulted loans endangers the going concern assumption for the company.

Some continue as a going concern, and standards regarding matters to be financial reporting frameworks contain an explicit requirement for Management to make a specific assessment of the entity's ability to consider and disclosures to be made in connection with going concern. No such exercise has been undertaken by the Management yet and is advised to have a clear assessment of the material uncertainty regarding going concern assumption.

The Management has not made any necessary and adequate disclosures regarding any material uncertainty around going concern assumption which subjected our audit report to present a qualified opinion.



Key Audit Matters

Key Audit are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statement, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

1. We draw attention to **Note 6** of the Statement of financial position, the **Company has defaulted on several loans** advanced by the state government amounting to a total outstanding of long-term debt of Rs. 11,631.69 Lacs on which interest accrued during the year is Rs. 1,835.09 lacs.

No clarification has been received regarding the total interest accrued up to 31.03.2025 of Rs. 26,049.48 lacs

Where the **Interest accrued amount** has far exceeded the principal loan amount, charging further interest on defaulted loan where there is uncertainty regarding repayment of interest, we advise no further interest should either be charged or provided for but instead be properly disclosed in the Notes to accounts highlighting the material uncertainty that arises on the going concern assumption in case the interest becomes payable along with possible government action regarding the same.

2. The Company recognised a provision of ₹2.96 crore towards gratuity payable to its Gadarpur staff. As per Revised Schedule III to the Companies Act, 2013, such actuarially determined gratuity liabilities, not expected to be settled wholly within twelve months, are required to be presented under Long-Term Provisions. The Company has complied with this requirement in the financial statements. Considering the significance of correct classification, this matter was identified as a key audit matter.
3. The Company reversed Provision towards Gratuity following a High Court Order, reversing the increase in Basic payable to the employees. The Order did not authorize recovery for excess gratuity paid to the employees who had retired, however, for the remaining employees, Gratuity has been reappraised and the excess Provision of Rs232.57 lacs reversal has been credited to Other Income.
4. The Uttarakhand Govt. used to provide a Revenue Grant to offset the Operating loss of the Sugar Mill. Operating losses continue and from the FY 2024.25, the Revenue Grant has been converted to a Loan, with a moratorium period for repayment of interest 12 month

Information Other than the Standalone Financial Statement and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Directors Report including the Annexures to Directors Reports, Business Responsibility Report, and the Shareholders information, but does not include the Standalone Financial Statements and our Auditor's report thereon. **The aforesaid report is expected to be made available to us after the date of this auditor's report.** Our opinion on the Standalone Financial Statement does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of Standalone Financial Statement, our responsibility is to read the other information identified above when it became available and in doing so consider whether the other information is materially inconsistent with the standalone Financial Statement or our knowledge obtained during our audit or otherwise appears to be materially misstated.

When we read the Company Annual Report and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and shall take appropriate actions, if required.

Responsibility of Management and Those Charged with Governance for the Standalone financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these Standalone financial Statements that give true and fair view of the financial position, financial performance including other comprehensive income, changes in equity 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.

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 estimate 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 Standalone Financial Statements that are given true and fair view and free from material misstatement , whether due to fraud or error.

In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company ability the 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's or cease operations or has no realistic alternative but to do so.

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

Auditor's responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statement 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 material misstatements when it exists. Misstatement 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 based on these Standalone Financial Statements.

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As a part of audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud and error, design and perform audit procedures responsive to those risk, 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 resulting from error, as fraud may involve collusion, forgery, intention omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the 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 the 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 material misstatement exists, we are required to draw attention in our auditors' report to the related disclosure in the financial statements or if such disclosure is 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 statement represent the underlying transactions and event in a manner that achieves fair presentation.

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

We communicated with those charged with governance regarding among others matters, the planned scope and timings of the audit and significant audit findings, including any significant deficiencies in internal control that we identifying 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 communicated 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 significant in the audit of the financial statements of the current period and are therefore the key



audit matters. We described those 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.

Emphasis of Matter

The defaulted loans received from the State Government have been classified under other current liabilities- current maturity of long-term debt. The management reply regarding such treatment was, On account of lack of clarity regarding the government's action for such loans, such classification was followed. This presents a skewed CA ratio as the entire defaulted loan amount is presented under other current liabilities, since the loan is not expected to be settled within the next 12 months, its classification as current liability is inconsistent with conceptual accounting framework.

We draw attention to Note 5 of the financial statements, which describes that the Company had created a gratuity provision of ₹578.77 lakhs in FY 2023-24 covering the service period of employees prior to their transfer. During the current year, based on revised actuarial calculations, the Company reversed ₹232.58 lakhs to the Statement of Profit and Loss. The closing provision as at the reporting date stands at ₹296.66 lakhs in respect of 25 permanent and 92 seasonal employees of Gadarpur Mill who were transferred to Kiccha Sugar Mill in 2015. Our opinion is not modified in respect of this matter.

The very low yield per ton of sugar cane crushed (only 10%), the high expenditure incurred on Repairs to run an old Plant (more than the depreciated value of Plant excluding Modernization) and the very high Wages, (over Rs. 70,000 per employee including end of term benefits and medical expenses) puts an economical financial burden on manufacturing and the Cost per quintal of Sugar would always be higher than the sales realization per quintal.

It was observed that certain debit balances appearing under the head "Sugar Selling Commission Payable" represent penalties recoverable from selling agents who have failed to fulfil specific contractual conditions. These amounts have been classified and presented under "Sundry Debtors" in the financial statements. It is imperative to reclassify such recoverable penalties from "Sundry Debtors" to a distinct ledger head such as "Other Receivables" or "Recoverable from Agents", to accurately reflect their nature.

As per Note no.7 Other current liabilities- Other liabilities, The Company has extended advances to 136 employees, resulting in an outstanding debit balance of ₹25.15 lakhs and a credit balance of ₹7.86 lakhs as on the reporting date. As informed by the management, these balances pertain to funds provided to employees for day-to-day operational purposes during the normal course of business.

We draw attention to the fact that a demand of ₹0.08 crore continues to appear on the TRACES portal. The Company has represented that this demand, arising from PAN errors and challan mismatches, has already been rectified through filing of revised returns, and confirmation in this regard has been communicated to the Department. The persistence of the demand on the portal is stated to be due to technical or other reasons. No



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provision has been made in the financial statements for the said demand. Our opinion is not modified in respect of this matter.

We draw attention to **Note 24 –Contingent Liabilities** of the financial statements regarding Income Tax demands amounting to ₹35.99 lakhs for Assessment Years 2014–15 and 2021–22, which have been disclosed as Contingent Liabilities. The eventual outcome of these matters is dependent on adjudication/rectification by the relevant authorities. Our opinion is not modified in respect of this matter

Other Matter

We draw attention to **Note No. 4**, the Company received Government assistance in name of loan for Rs Rs.300.00 Lacs (F.Y 23-24), the classification though seemed correct, however on inquiry we were informed no repayment plan has been decided by the government under which such loan was advanced and therefore balance remains unchanged from previous years. The assistance was provided to meet operational expenses such as salary payments and as per AS 12, since the amount can be measured reliably and is provided for specific conditions (operational expenses) it should be treated as Revenue grant and accordingly be derecognized as long-term debt and shown as a credit in Profit and Loss under Prior period income, if the uncertainty regarding repayment continue to exists.

A balance of Rs.6,26,653 and Rs.2,60,132 as COVID 19 payable and unclaimed cheques respectively was shown in the balance sheet under other current liabilities which is outstanding for more than five years the same should be the written off.

Interest accrued on other deposits, amounting to Rs. 582,117, has been outstanding for over 5 years. This amount should be written off from the books.

AS 12 for Government Grants either suggests adjustment of the Grant received against the Capital cost of Asset, or the Grant is shown as Liability and each year the proportionate depreciation to Sanctioned and Own funds, is debited to the Liability and Profit & Loss account respectively. The Company has followed the second option.

An amount of ₹16.65 lakhs has been recorded in the Profit and Loss Account as exceptional items (prior period items), representing accrued interest income pertaining to earlier years for 8 Fixed Deposit Receipts (FDRs). The interest was not recognised in the respective earlier periods.

An amount of Rs.289.17 lacs under the head "Advances to Uttarakhand ShakariChini Mills Sangh Ltd.", shown under current assets relates to sale made by Kicha Sugar Mill to Uttarakhand Shakari Chini Mills Sangh Ltd (H.O.), a part of the sale proceeds are left to H.O. which is adjusted against commission payable made on purchase by the Co. from the respective societies.




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We draw attention to Note No. 7-3 of the financial statements, which discloses an amount classified under Other Current Liabilities, representing liabilities payable by the Bank towards loan instalments of various staff members. These amounts pertain to employee loans where the Bank has undertaken to deduct the respective instalment amounts from the monthly salaries of the concerned employees and remit them to the lending financial institutions. As informed to us, the outstanding amount represents instalments due for the month, which are pending remittance as at the balance sheet date.

We draw attention to the fact that the Company has not registered/created charges with the Registrar of Companies in respect of certain borrowings, namely Cash Credit facility from *Udham Singh Nagar District Co-operative Bank Ltd.* and Overdraft facility from *State Bank of India*. The matter has been reported by us in detail under Clause (iii)(f) of the Annexure to this report pursuant to the Companies (Auditor's Report) Order, 2020.

An amount of Rs.10.05 lacs is shown as Prior Year Expense in Profit & Loss Account.

Report on other Legal and regulatory requirements

I. As required by Section 143(3) of the Act, based on our report, 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;
- (b) 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this report agree with the Books of Account;
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the matter to be included in the Auditors Report in accordance with the requirements of section 197(16) of the Act, as amended:

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In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not more than the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which is required to be commented upon by us.

(h) With respect to the other matters to be included in the Auditors 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 disclosed the impact of pending litigations as at March 31, 2024, on its financial position in its Standalone Financial Statements. Refer Note (39) to the Standalone Financial Statements;
- ii. The Company did not have any long-term contracts including derivative contracts 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.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. There is no interim dividend declared and paid by the Company during the year and until the date of this audit report and is in accordance with section 123 of the Companies Act 2013.

2. As required by the Companies (Auditors Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

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Annexure "A" to the Independent Auditor's Report on the Standalone Financial Statement of the Kichha Sugar Mill limited for the year ended March 31, 2025

Report on the Internal Financial Controls with reference to aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements section of our report of even date)

Opinion

We have audited the internal financial controls over financial reporting of Kichha Sugar Mills Limited ("the Company") as of March 31, 2025, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has adequate internal financial controls over financial reporting and such internal financial controls were operating effectively as at March 31, 2025, based on the internal financial controls 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 (the "Guidance Note").

Managements Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 the 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 preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal

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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 the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgments, including the assessment of the risk of misstatement of the Standalone 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 over financial reporting.

Meaning of Internal Financial Controls with reference to standalone Financial Statements

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 Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting include 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 Standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with references to Standalone Financial Statements

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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



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Annexure "B" to the Independent Auditors Report

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements section of our report of even date to the members of Kichha Sugar Mills Limited on the Standalone financial statements for the year ended March 31, 2025

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

- a. (A) The Company has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. There is no Fixed Assets register maintained and the equipment are not properly tagged and counted for.
- (B) The Company has no intangible assets disclosed in the financial statements
- b. We have not been provided any evidence or report to verify whether these property, plant, and equipment, have been physically verified by management at reasonable intervals in the absence of any report we cannot comment whether any material discrepancies were noticed on such verification and if so whether the same is dealt with the books of accounts.
- c. According to the information and explanation received by us, the Company has no immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements. As per financial statements, there are self-constructed buildings, constructed over these lease hold lands where the company is the lessee and the lease agreements are duly executed in favor of the company, and as explained to us there are no title deed required for these self-constructed buildings.
- d. As per information provided to us the Company has not revalued any of its Property, Plant and Equipment and Intangible assets during the year.
- e. The Management has confirmed that no proceedings have been initiated during the year or are pending against the Company as at March 31, 2025, for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made there under.
- i) a. The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account. However, the Company should have on record and Books, the Scrap generated (A) Metal (B)Mud (C)Coal ash(D)Bagasse, as these have considerable value and hence the Cost of Production could be reduced if an accurate record is maintained.

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b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs 9 crores in aggregate, from Banks, on the basis of security of Current assets. In our opinion and according to the information and explanations given to us, the quarterly statements comprising of Stock statements and book debt statements, filed by the Company with banks are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed. However, if the cost of Production is more than the Sale value, then the Current Assets would not be offering adequate Drawing power.

iii) According to the information provided to us the Company has not made any investments in, and provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, during the year.

iv) The Company has incurred a cash loss of Rs.3,695.81 lakhs during the financial year ended 31st March 2025 (FY 2024-25). Further, the Company had also incurred cash loss of Rs.2708.13 lakhs in the immediately preceding financial year ended 31st March 2024.

v) The Company has not registered/created charges with the Registrar of Companies (MCA) in respect of the following borrowings:

- Cash Credit facility from *Udham Singh Nagar District Co-operative Bank Ltd.*;
- Overdraft facility from *State Bank of India*.

This is not in compliance with the provisions of **Section 77 of the Companies Act, 2013**, which requires charges created by a company on its assets to be registered with the Registrar of Companies within the prescribed time.

vi) In our opinion and according to the information and explanations given to us and based on the audit procedures performed, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

vii) As per explanations and explanations provided to us the Company has not accepted any deposit or amounts which are deemed to be deposits during the year where the directive issued by the Reserve bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder were applicable.

viii) As per our test check and as per information and explanation provided to us the Company has complied with provisions specified by central government under section (1) of the section 148 of the companies act.

ix) (a) According to information and explanations provided to us and as per our test check, the Company is generally regular, except some occasional minor delays, in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. However, as per our examination there is an outstanding demand of Rs. 2,40,131.00(CGST) & Rs.





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2,40,131.00(SGST) is being reflecting on portal, which is outstanding for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following statutory dues have not been deposited with the appropriate authorities on account of disputes. Detail of the same is annexed herewith vide **Annexure 'C'**

x) According to the information and explanations given to us and as confirmed by the management there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

x) a) According to the information and explanations given to us the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year under consideration. However, as informed to us the **Company has defaulted in loan repayment of Uttarakhand Government** in earlier years, details as per **Annexure D** enclosed herewith.

b. According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

c. To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

d. Based on the information and explanations provided to us, as well as our overall examination of the Company's financial statements, we found that funds raised on a short-term basis through a working capital loan via a Cash Credit account with U.S. Nagar District Co-operative Bank Ltd., Kichha, with an outstanding balance of Rs 27.85 crores as of 31.03.2025, have been utilized for capital expenditures of a long-term nature. Such expenditures should be financed through other accounts rather than the Cash Credit account."

e. According to the information and explanations given to us and on an overall examination of the financial statements, we report that the Company has not utilized the unutilized funds as at the beginning of the year from the funds raised through the issue of shares or borrowings in the previous year to meet the obligations of its subsidiaries, associates, or joint ventures. The Company has neither taken any funds from any entity or person during the year.

f. According to the information and explanations given to us and on examination of the balance sheet of the Company, we report the company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.

xii) a. According to the information and explanations given to us the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.

b. As the company has not raised any money during the year this clause is not applicable to the Company.





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(ii) a. To the best of our knowledge, and information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

b. To the best of our knowledge, no report under subsection (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

c. As represented to us by the Management, there were no whistle-blower complaints received by the Company during the year.

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

(v) According to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(vi) The company have an internal audit system in accordance with its size and business activities and there ports of the internal auditors have been considered. However, internal audit was not applicable over the Company during the year.

(vii) According to the information and explanations given to us the Company has not entered any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(viii) a. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clauses (xvi)(a), (b), and (c) of the Order is not applicable.

b. The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(ix) The Company has incurred cash losses during the financial year covered.

(x) According to the information and explanations given to us there has been no resignation of the Statutory Auditors of the Company during the year. Accordingly reporting under clause (xiii) of the Order is not applicable.

(xi) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

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We draw attention to Note 23 Extraordinary items in the statement of profit and loss before which the reported loss for the two consecutive years of 2021-2022, 2022-2023 and 2024-2025 (current year) is Rs 39.06 Cr., Rs 50.68 Cr and 39.88 Cr (current year). The company's lack of ability to generate profit without government assistance to meet operating expenses is indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company.

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (i) (a) According to information and explanations provided to us and on the basis of our examination, we report that the company has no unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;
- (b) According to information and explanations provided to us, no amount is remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act;
- (iii) Consolidated Financial statement is not applicable over this company; hence this clause is not being commented upon.



Annexure-C TO THE AUDITORS REPORT

Clause 3(VIII)(b) of Companies (Auditor's Report) Order, 2020 ("the Order"), issued by Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs.)	Remarks
Central Excise Act, 1944	Excise Duty	Hon'ble High Court of Uttarakhand	January 2005 to March 2008	96,81,536	Tribunal has decided the case in favour of Kichha Sugar Company Ltd. And the Department has preferred an appeal.
Central Excise Act, 1944	Excise Duty	Hon'ble High Court of Uttarakhand	October, 2013 to August, 2014	28,28,750	Tribunal has decided the case in favour of Kichha Sugar Company Ltd. And the Department has preferred an appeal.
Central Excise Act, 1944	Excise Duty	Hon'ble High Court of Uttarakhand	10.5.2008 to 31.03.2009 and 01.04.2011 to 31.03.2012	29,99,672	Tribunal has decided the case in favour of Kichha Sugar Company Ltd. And the Department has preferred an appeal.
Central Excise Act, 1944	Excise Duty	Hon'ble High Court of Uttarakhand	February 2013 to/September 2013	12,52,998	Tribunal has decided the case in favour of Kichha Sugar Company Ltd. And the Department has preferred an appeal.
Central Excise Act, 1944	Excise Duty	Custom Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	Sep. 2014 to May, 2015	6,82,672	The Commissioner (Appeals) Central Excise, Meerut-1 has rejected the appeal. Against this order the company has appeal top higher forum.
Central Excise Act, 1944	Excise Duty	Custom Excise and Service Tax Appellate Tribunal (CESTAT), Delhi	June, 2015 to March, 2016	24,45,172	The Commissioner (Appeals) Central Excise, Meerut-1 has rejected the appeal. Against this order the company has appeal top higher forum.
Employee's Provident Fund and Miscellaneous Act, 1952	Provident Fund	Hon'ble High Court of Uttarakhand	May 2007 to Apr. 2008	14,81,409	The Company is in appeal against the order of Employees Provident Fund Tribunal New Delhi.





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Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs.)	Remarks
The Employee's Provident Fund and Miscellaneous Act, 1952	Provident Fund	Hon'ble High Court of Uttarakhand	Sep 2008 to Apr 2011	1,45,124	The Company is in appeal against the order of Employees Provident Fund Tribunal New Delhi.
The Employee's Provident Fund and Miscellaneous Act, 1952	Provident Fund	Central Govt. Industrial Tribunal Lucknow.	Retaining Allowance off seasons 2017 late payments	14,55,087	The Company is in appeal against the order of Regional P.F. Commissioner Haldwani.
THE CENTRAL GOODS AND SERVICES TAX ACT	CGST and SGST	CSGT dept, Haldwani	2017-2018	Rs. 2,40,131 (CGST) & Rs. 2,40,131 (SGST)	Show Cause Notice and Summary thereof in Form GST DRC-01 issued as on date: 27.09.2023 & Order for Determination of Tax issued as on date: 29.12.2023
INCOME TAX ACT, 1961	Income Tax Demand	Income Tax Authorities	2014-15 AY 2021-22 AY	35,99,000.00	Appeal Proceedings pending with Dept. disclosed as contingent liabilities.



Annexure-D TO THE AUDITORS REPORT

Clause 3(ix)(a) of Companies (Auditor's Report) Order, 2020("the Order"), issued by Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013

DETAILS OF UNSECURED LOAN RECEIVED FROM GOVT. OF UTTARAKHAND AS ON 31/03/2025

Year of Receipt	PARTICULARS	AMOUNT (Rs.)	Am't payable till 31/03/25 (No. of Instt.)	Other Current Liabilities	Long Term	Interest Rate	Interest upto 31.03.2024	Interest accrued during the year	Total Interest
2002-03	The loan of Rs. 100 Lacs was sanctioned from Uttarakhand Govt. vide letter Dehradun-374/Van Gram VI/ Gana 202 dt. 28 Oct., 2002 for Cane Price payment repayable in five equal yearly instalments . There is no interest Clause and Rs. 25 Lacs was refund during 2006-07. The net outstanding loan is Rs. 75,00,000/-.	75,00,000	5	75,00,000	-	NA	-	-	-
2003-04	The loan of Rs. 400 Lacs was sanctioned from Uttarakhand Govt. vide letter No. 367/Ganna-Chini-2003 dt. 13/10/2003 for Cane Price payment repayable in five equal yearly instalments interest rate @ 18% p.a. with condition, if timely payment is made then rebate @ 3.5% will be provided. There is no repayment till the date.	4,00,00,000	5	4,00,00,000	-	18%	14,73,04,918	72,00,000.00	15,45,04,918.00



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2003-04	The loan of Rs. 1122 Lacs was sanctioned from Uttarakhand Govt. vide letter No. 601(i) Canna-Chini 2003 dt. 27/11/03 for cane price payment repayable in five equal yearly instalments interest rate 18% p.a. There is no repayment till the date.	11,22,00,000	5	11,22,00,000	-	18%	41,08,17,541	2,01,96,000.00	4,3,10,13,541.00
2007-08	The loan of Rs.450 Lacs was sanctioned from Uttarakhand Govt. Dehradun for Cane price payment received on 04/07/07, repayable in five equal yearly instalments interest rate 18% p.a. There is no repayment till the date.	4,50,00,000	5	4,50,00,000	-	18%	13,56,19,672	81,00,000.00	14,37,19,672.00
2007-08	The loan of Rs. 559.70Lacs was sanctioned from Uttarakhand Govt. for Cane price payment received on 29/10/07, repayable in five equal yearly instalments interest rate 18% p.a. There is no repayment till the date.	5,59,70,000	5	5,59,70,000	-	18%	16,54,60,166	1,00,74,600.00	17,55,34,766.00
2008-09	The loan of Rs. 636.29 Lacs was sanctioned from Uttarakhand Govt. vide G.O. No. 520(i) 10/07/XIV-02/2008 dt. 07/10/08 received from the Asstt. Cane Commissioner, vide Cheque No. 734097 dt. 14/10/08 for cane price payment (2007-08) repayable in five equal yearly instalments interest rate 18% p.a. There is no repayment till the date.	6,36,29,000	5	6,36,29,000	-	18%	17,71,01,298	1,14,53,220.00	18,85,54,518.00
2008-09	The loan of Rs.1,34,46,323/- was sanctioned from Uttarakhand Govt. vide G.O. No. 34/20/XIV-2/10/2007 dt. 16/01/09 received on 19/01/09 for cane price payment (07-08) repayable in five equal yearly instalments interest rate 18% p.a. There is no repayment till the date.	1,34,46,323	5	1,34,46,323	-	18%	3,67,82,507.28	24,20,338.14	3,92,02,845.42



2012-13	The loan of Rs. 660 Lacs was sanctioned from Uttarakhand Govt. vide G.O. No. 823/XIV-02/10/2012 dt. 16/07/12 received from the Asslt. Cane Commissioner, vide Cheque No. 201738 dt. 19/07/2012 for Cane price payment (2011-12) repayable in five equal yearly installments interest rate 18% p.a. There is no repayment till the date.	6,60,00,000	5	6,60,00,000	-	18%	13,91,09,918	1,18,80,000.00	15,09,89,918.00
2012-13	The loan of Rs. 1608.23 Lacs was sanctioned from Uttarakhand Govt. vide G.O. No. 1229/XIV-2/2012 dt. 04/10/2012 received from the Asslt. Cane Commissioner vide D.D. No. 350270 dt. 06/10/2012 for Cane price payment (2011-12) repayable in five equal yearly installments interest rate 18% p.a. - There is no repayment till the date.	16,08,23,000	5	16,08,23,000	-	18%	33,26,26,025	2,89,48,140.00	36,15,74,165.00
2013-14	The loan of Rs.1999 Lacs was sanctioned from Uttarakhand Govt. vide G.O. No. 736/XIV-02/2013/10/2007 dt. 05/07/2013 for Cane price payment (2012-13) repayable in five equal yearly installments interest rate 18% p.a. There is no repayment till the date.	19,99,00,000	5	19,99,00,000	-	18%	38,61,41,079	3,59,82,000.00	42,21,23,079.00
2013-14	The loan of Rs. 500 Lacs was sanctioned from Uttarakhand Govt. for Cane price payment (2012-13) received on 22.08.2013 repayable in five equal yearly installments interest rate 18% p.a. There is no repayment till the date.	5,00,00,000	5	5,00,00,000	-	18%	9,54,73,973	90,00,000.00	10,44,73,973.00



MANOJ VATSAL & CO.
CHARTERED ACCOUNTANTS

2013-04	The loan of Rs. 15,31,46,000/- was sanctioned from Uttarakhand Govt. for Cane price payment (2012-13) received on 23.09.2013 repayable in five equal yearly instalments interest rate 18% p.a. . There is no repayment till the date.	5	15,31,46,000	-	18%	29,01,63,418	2,73,66,280.00	31,77,29,698.00
2014-15	The loan of Rs. 1155.55 Lacs was sanctioned from Uttarakhand Govt. vide G.O. No. 588/XIV-02/2014/3(6)/3013 dt. 10.06.2014 for Cane price payment (2013-14) repayable in five equal yearly instalments interest rate 9.25% p.a. . There is no repayment till the date.	5	11,55,55,000	-	9.25%	10,48,38,462	1,06,88,837.50	11,55,27,299.50
2015-16	The loan of Rs. 800 Lacs was sanctioned from Uttarakhand Govt. vide G.O. No. /XIV-02/2014/9(16)/2014 dt. 21.01.2016 for Cane price payment (2014-15) repayable in five equal yearly instalments at 11% interest rate. There is no repayment till the date.	5	8,00,00,000	-	NA	-	-	-
2016-19	The loan of Rs. 300 Lacs was sanctioned by Uttarakhand Govt. for salary & retaining allowance of workers vide no. 451/XIV-2/2018. Terms & condition for repayment are silent. There is no repayment till date.	3,00,00,000	-	-	3,00,00,000	NA	-	-



MANOJ VATSAL & CO.
CHARTERED ACCOUNTANTS

2024-25	The loan of Rs. 2776 Lacs was sanctioned from Uttrakhand Govt. vide G.O. No. 2081/89/NTV-209/04/2014 dt. 01.05.2024 for Cane price payment (2023-24). The rate of interest @5% per annum on outstanding balance. After 2 years of grace period the loan will be repayable in 10 equal annual installments. In case of default/penalty @7% will be levied on overdue installments of principal & interest	277,600,000	5%	277,600,000	5%	12,723,333.33	12,723,333.33	
	Total	1,470,769,323		1163169323	307,600,000	2,421,438,977.25	196,232,748.97	2,617,671,726.25



KICHHA SUGAR COMPANY LIMITED

KICHHA, U.S. NAGAR, UTTARAKHAND

CIN: U15421UR1972SGC003513

BALANCE SHEET AS AT 31ST MARCH, 2025

Particulars	Notes	As at 31.03.2025	As at 31.03.2024
		₹ in Lakhs	₹ in Lakhs
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	1,798.84	1,798.84
(b) Reserves and Surplus			
(ii) Other Reserve Molasses Storage Facilities Reserve Fund	2	20.08	19.52
(ii) Profit and loss Account	2.1	(34,339.35)	(30,343.66)
(c) Money received against Share Warrants		-	-
(2) Share Application Money Pending Allotment			
(3) Govt. Grant for Modification of Plant (Capital)			
(4) Non Current Liabilities	3	1,689.94	950.57
(a) Long Terms Borrowings	4	3,076.00	300.00
(b) Long Terms Provisions	4.1	296.67	578.77
(5) Current Liabilities			
(a) Short-Term Borrowings	5	2,812.67	4,110.39
(b) Trade Payables	6	2,205.45	3,846.84
(c) Other Current Liabilities	7	38,501.87	36,799.98
(d) Short-Term Provisions	8	456.05	755.08
		Total Equity & Liabilities	
		16,498.02	18,816.13
II. ASSETS			
(1) Property, Plant & Equipment	9		
(a) Tangible Assets		2,365.43	1,663.87
(b) Intangible Assets		-	-
(c) Capital WIP		-	-
(d) Intangible Assets under development		-	-
(2) Non Current Investments	10	0.02	0.02
(3) Current Assets			
(a) Inventories	11	10,937.93	11,786.94
(b) Trade receivables	12	51.49	51.56
(c) Cash and Bank Balances	13	2,030.04	4,253.43
(d) Short-term loans and advances	-	-	-
(e) Other current assets	14	1,113.11	1,060.31
		Total Assets	
		16,498.02	18,816.13
Contingent Liabilities	14.1	35.99	35.99
Significant Accounting Policies and Notes to Accounts	24		
(Notes attached thereto form an integral part of Balance Sheet)			

For and on behalf of Board KICHHA SUGAR COMPANY LTD

CIN: U15421UR1972SGC003513


(Astha Mohan)

COMPANY SECRETARY
PAN: BONPM0712D


(A. Bajpal)
EXECUTIVE DIRECTOR
DIN: 111192914


(R.C. Dumka)
AUTHORISED DIRECTOR
DIN: 07361054

As per our Report of even date attached herewith.

FOR M/s MANOJ VATSAL & CO.
Firm Reg. No: 010155C
Chartered Accountants

CA. MANOJ VATSAL
Partner

Membership No: 025757
UDIN: 25025757BMJPNG9574

PLACE: HALDWANI
Dated: 30.10.2025

PLACE: DEHRADUN

Dated: 30.10.2025

PLACE: DEHRADUN

Dated: 30.10.2025



KICHHA SUGAR COMPANY LIMITED

KICHHA, U.S. NAGAR, UTTARAKHAND

CIN: U15421UR19725GC003513

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2025

Sr. No	Particulars	Notes	For the year ended	For the year ended
			31 March 2025 ₹ in Lakhs	31 March 2024 ₹ in Lakhs
I	Revenue from operations	15	14,889.29	15,013.06
II	Other Income	16	14,889.29	15,013.06
III			459.20	492.89
IV	<u>Expenses:</u>			
	Cost of materials consumed	17	12,380.01	12,002.82
	Changes in inventories of finished goods and work-in-progress	18	829.32	1,344.14
	Employee Benefit Expenses	19	2,575.83	3,373.12
	Financial Costs	20	2,113.11	2,037.96
	Depreciation and Amortization Expenses	21	122.44	74.70
	Other Expenses	22	1,085.67	1,101.90
			Total Expenses (IV)	19,106.38
V	Profit / (Loss) before exceptional and extraordinary items and tax			(3,977.89)
VI	Exceptional Items -net income	23		(17.80)
VII	Profit / (Loss) before extraordinary items and tax (V - VI)			(3,995.69)
VIII	Extraordinary Items	23.1		-
IX	Profit / (Loss) before tax (VII - VIII)			(3,995.69)
X	<u>Tax expense:</u>			
	(1) Current tax			-
	(2) Earlier year tax adjustment			-
	(3) Deferred tax			-
	(4) MAT Credit			(65.57)
XI	Profit / (Loss) from the period from continuing operations (IX-X)			(3,995.69)
XII	Earning per equity share:			
	(1) Basic (Amount in Rs.)			(0.00)
				0.00

Significant Accounting Policies and Notes to Accounts

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(Notes attached thereto form an integral part of Profit and Loss Account)

For and on behalf of Board KICHHA SUGAR COMPANY LTD

CIN: U15421UR19725GC003513

M. Mohan
(Astha Mohan)
COMPANY SECRETARY
PAN: BONPM0712D

(A.P. Bajpal)
EXECUTIVE DIRECTOR
DIN: 11192914

(P.C. Dumka)
AUTHORISED DIRECTOR
DIN: 07361054

As per our Report of even date attached herewith.

FOR M/s MANOJ VATSAL & CO.
Firm Reg. No: 010155C

Chartered Accountant

M. Mohan
Partner

Membership No. 025757

UDIN: 25025757 BMJPNQ9579
PLACE: Haldwani
Dated: 30.10.2025

PLACE: DEHRADUN

DATED:

PLACE: DEHRADUN

DATED:



Cash Flow Statement for the year ended 31st March, 2025

PARTICULARS	For the year ended 31 March 2025	For the year ended 31 March 2024
	₹ in Lakhs	
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax as per statement of Profit & Loss A/c	(3,995.69)	(3,372.84)
Adjusted for Non Cash Costs:		
Interest on Loans from Govt. of Uttarakhand	1,982.33	1,835.09
Depreciation	122.44	74.70
Molasses Storage Reserve	0.56	0.89
Provision for Govt. Guarantee fee	90.00	30.52
Provision for Gratuity premium	81.95	668.59
Provision for Income tax(reversal)	(24.39)	-
Profit on sale of fixed assets	(0.50)	-
Interest paid on Working capital Loans	150.78	202.87
Other Interest received	(166.89)	(172.20)
SUB TOTAL	2,216.28	2,840.46
Short Term Provision for Selling Commission & Damages		
Receivable and write back.		
Operating Profit before Working Capital Changes	(1,779.41)	(732.38)
Increase/Decrease in inventories of finished goods, & WIP & Stores & spares.	849.01	1,305.18
Increase/Decrease in Trade receivable	0.07	34.18
Increase/Decrease in other current assets	15.67	(129.41)
Increase/Decrease in other current liabilities	(194.87)	(151.45)
Increase/Decrease in Trade payables	(1,641.38)	(2,834.53)
Increase/Decrease in Short Term Provision of Society & Council Commission, Arrear of officials.	(470.98)	409.83
Increase/Decrease in Long Term Provision of Gratuity	(282.10)	(578.77)
Operating profit before tax	(3,504.00)	(2,677.48)
Taxes Paid	(41.18)	
Net cash flow from operating profit	(3,545.18)	(2,677.48)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase)/Sale of fixed Assets	(824.00)	(1,403.97)
Profit on sale of assets	0.50	
Interest received	98.42	134.83
C. CASH FLOW FROM FINANCING ACTIVITIES		
Subsidy received from Govt. of U.K. For cane price	-	3,800.00
Interest paid on Working capital Loans	(150.78)	(202.87)
Decrease in Cash Credit Limit and SBI Loan	(1,297.72)	1,069.43
Increased Govt. Grant received for modification of Plant	719.37	950.57
Fresh Govt. Loan	2,778.00	2,046.87
Net Decrease in Cash & Cash Equivalents	(2,223.39)	1,870.54
Opening balance of cash or cash Equivalents	4,253.43	2,582.89
Closing balance of cash or cash Equivalents	2,030.04	4,253.43

Significant Accounting Policies and Notes to Accounts
(Notes attached here to form an integral part of Profit and Loss Account)

For and on behalf of Board KICHHA SUGAR COMPANY LTD
CIN: U15421UR197280C003513

Amita Mohan
(Amita Mohan)

COMPANY SECRETARY

(A.P. Bagat)
EXECUTIVE DIRECTOR

(P.C. Bhakta)
AUTHORISED DIRECTOR

After our Report of even date attached herewith.

PLACE: DEHRADUN

PLACE: DEHRADUN

FOR M/s MANOJ VATSAL & CO.

Firm Reg. No: 010105C
Dissolved Accounts

Partner
Membership No. 025757

UIN: 25025453 BMJPNQ9574
PLACE: Haldwani
Dated: 30.10.2015

DATED:

DATED:

