

Ref : KSICL/STK.EX./2018-19

29.05.2019

**THE VICE PRESIDENT
CAPITALMARKET(OPERATIONS)
THE NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**

Exchange Plaza, 5th floor
Plot No.C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai 400 051.

**MANAGER
CORPORATE RELATIONSHIP
DEPT OF CORP.SERVICES
BOMBAY STOCK EXCHANGE LTD.**
Floor 25, PJ.Towers
Dalal Street
Mumbai 400001.

KCPSUGIND -EQ

**Scrip ID : KCPSUGIND
Scrip code : 533192**

Dear Sir,

Sub: Business transacted at the Board Meeting held on 29.05.2019

In continuation to our letter dt.14.05.2019 we wish to state that the Board Meeting held on 29.05.2019 has transacted, among other business, the following:

1. Approval of Annual Financial Statements:

The Board of Directors has approved the Audited Financial Statements for the financial year ended 31.03.2019

2. 24th Annual General Meeting:

The Board of Directors decided to hold the 24th Annual General Meeting on 12th September 2019.

3. Dividend :

The Directors of the Board have recommended a dividend of Re.0.10 (10 paise) per equity share of Rs.1/- each for the financial year 2018-19 subject to approval of shareholders at the ensuing 24th AGM. The Dividend, if approved by the Members at 24th Annual General Meeting to be held on 12.09.2019 will be paid within the stipulated time.

4. Compliance of Clause 33 :

In deference to Clause 33 of the Listing Regulations, we are sending herewith the following:



...2

◇ Leading Manufacturers of Premium Grade Sugars, Rectified Spirit, Anhydrous Alcohol, Extraneutral Alcohol, Co2, Calcium Lactate, Bio-Fertilizers, Bio-Compost and Mycorrhiza Inoculum.

Factories at	- Vuyyuru,	Krishna Dist., A.P. - 521 165.	Tel : 08676 232001	Fax : 08676 232640
	- Lakshmipuram,	Krishna Dist., A.P. - 521 131.	Tel : 08671 222046	Fax : 08671 222640



K.C.P SUGAR AND INDUSTRIES CORPORATION LIMITED

...2...

- (i) Audited Financial Results for the quarter and year ended 31.03.2019, approved by the Board of Directors and signed by the Managing Director (including segment wise results and Statement of Assets and Liabilities) (Annex-1).
- (ii) Extract of Financial Results to be published (Annex-2)
- (iii) Auditors' Report on Annual Financial Results (Annex-3)
- (iv) Declaration on Auditors' Report with 'Unmodified opinion' (Annex-4)

5. Notice of AGM :

The Directors of the Board have approved the Notice of 24th Annual General Meeting of the Company to be held on 12.09.2019.

6. Book Closure :

Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 6th September 2019 to Thursday 12th September 2019 (both days inclusive) for the purpose of 24th AGM and for the purpose of dividend. The dividend, if approved by the shareholders at the ensuing 24th Annual General Meeting scheduled on 12.09.2019 within the stipulated time.

7. Cut-off Date for e-Voting :

Cut-off date of e-Voting is 5th September, 2019

The Board Meeting commenced at 3.30 p.m. and concluded at 6.40 p.m.

Please take the above on record.

Thanking you

Yours faithfully,

For K.C.P. SUGAR AND INDUSTRIES CORPORATION LTD.

S. Chidambaram

S CHIDAMBARAM



STATEMENT OF ASSETS AND LIABILITIES				
				Rs. / LAKHS
PARTICULARS	STANDALONE		CONSOLIDATED	
	Year Ended		Year Ended	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
ASSETS				
Non-current assets				
(a) Property, plant and equipment	9121.94	9267.88	9832.00	9951.82
(b) Capital work-in-progress	-	29.23	1.91	29.23
(c) Intangible assets	49.19	87.09	50.09	87.09
(d) Other Intangible assets under Development	-	-	27.85	-
(e) Financial assets				
(i) Investments	8153.69	8723.48	8664.65	8780.41
(ii) Loans	39.93	64.50	45.80	69.75
(f) Deferred tax assets (Net)	-	335.81	-	364.21
(g) Other Non current Assets	412.94	394.39	440.94	394.39
Current assets				
(a) Inventories	36913.00	20753.82	37868.78	21983.94
(b) Financial Assets				
(i) Investments	5503.05	9340.64	6154.08	9970.90
(ii) Trade receivables	2053.79	2259.40	2843.28	2875.50
(iii) Cash and cash equivalents	223.95	230.59	639.49	1197.32
(iv) Bank Balances other than (ii) above	909.11	720.53	1130.35	985.78
(v) Other Financial assets	541.62	125.13	541.62	105.13
(c) Current Tax assets(Net)	-	122.43	-	-
(d) Other current assets	955.52	1498.14	1341.14	2160.82
Total Assets	64877.73	53953.06	69581.98	58956.29
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	1133.85	1133.85	1133.85	1133.85
(b) Other equity	25290.03	24372.21	28575.96	27045.24
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	4134.13	4035.24	4134.13	4035.24
(ii) Other Financial liabilities	113.36	113.36	113.36	113.36
(b) Provisions	500.99	522.93	840.67	836.19
(c) Deferred tax liabilities (Net)	708.89	-	680.95	-
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	15227.66	13351.92	15227.66	13351.90
(ii) Trade payables				
a) Total Outstanding dues of Micro enterprises and small enterprises	-	-	-	-
b) Total Outstanding dues other than Micro enterprises and small enterprises	13221.69	5474.86	13530.58	6217.93
(iii) Other financial liabilities	3630.83	4490.62	3740.42	4561.73
(b) Other current liabilities	384.64	327.33	943.25	1235.30
(c) Provisions	125.25	130.74	254.74	254.66
(d) Current tax liabilities (Net)	406.41	-	406.41	170.89
Total Equity and Liabilities	64877.73	53953.06	69581.98	58956.29



72

K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED
REGD OFFICE : "RAMAKRISHNA BUILDINGS", NO.239,ANNA SALAI, CHENNAI 600 006
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31.03.2019
pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015.

CIN: L15421TN1995PLC033198

Fig in Rs Lakhs

SL NO	PARTICULARS	STANDALONE					CONSOLIDATED	
		For the 3 months ended			For the year ended		for the Year ended	
		Unaudited	Unaudited	Unaudited	Audited		Audited	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	PART I							
I	Revenue from Operations	10123.83	8285.73	7269.28	31783.39	32995.50	35943.83	35677.15
II	Other Income	-50.37	856.05	-195.42	1276.71	5775.77	1563.29	6186.13
III	Total Income (I + II)	10073.46	9141.78	7073.86	33060.10	38771.27	37507.12	41863.28
IV	Expenses							
	Cost of Materials consumed	26132.25	9000.68	21456.08	35973.18	28912.29	37385.67	30401.75
	Purchase of stock-in-trade	-	-	-	-	-	-	
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	-22982.30	-1033.88	-13187.98	-16224.88	1203.56	-15991.05	693.13
	Excise Duty on sale of Goods	-	-	483.88	-	483.88	-	536.10
	Employee Benefits Expense	2280.11	1032.58	2502.91	3611.26	3513.71	4257.73	4120.15
	Finance Costs	593.68	372.02	480.10	1863.78	1440.73	1976.40	1478.70
	Depreciation and amortisation expense	480.28	221.32	549.20	827.39	894.06	869.64	940.47
	Other Expenses	1322.18	687.88	1310.19	4453.30	3057.80	5615.05	3993.81
	Total Expenses	7826.20	10280.60	13594.38	30504.03	39506.03	34113.44	42164.11
V	Profit / (Loss) before Exceptional Items & Tax (III - IV)	2247.26	-1138.82	-6520.52	2556.07	-734.76	3393.68	-300.83
VI	Exceptional Items	-	-	-	-	-	-	-
VII	Profit / (Loss) before Tax (V - VI)	2247.26	-1138.82	-6520.52	2556.07	-734.76	3393.68	-300.83
VIII	Tax Expense							
	Current Tax	510.00	0.00	-270.00	510.00	0.00	745.00	110.50
	Deferred Tax	-95.52	0.00	-1571.29	1026.13	-1571.29	1023.56	-1561.29
	Reversal of excess provision for taxation relating to earlier years	-	-	-	-	-	-6.24	-
IX	Profit / (Loss) for the period from continuing Operations (VII - VIII)	1832.78	-1138.82	-4679.23	1019.94	836.53	1631.36	1149.96
X	Profit / (Loss) from Discontinued Operations	-	-	-	-	-	-	-
XI	Tax Expense of Discontinued operations	-	-	-	-	-	-	-
XII	Profit / (Loss) from Discontinued Operations after Tax (X - XI)	-	-	-	-	-	-	-
XIII	Profit / (Loss) for the period (IX + XII)	1832.78	-1138.82	-4679.23	1019.94	836.53	1631.36	1149.96



24

XIV	Other Comprehensive Income							
	A. Items that will not be reclassified to Profit / (Loss)							
	(i) Remeasurement of defined benefit plan - Actuarial gains / (Losses)	53.14	-	-	53.14	-8.58	63.62	-36.45
	(ii) Income Tax on above	-18.57	-	-	-18.57	2.92	-21.59	12.39
	(iii) Equity instruments through other comprehensive income	0.00	-	-	0.00	-	-5.98	85.65
	Other Comprehensive Income	34.57	-	-	34.57	-5.66	36.05	61.59
XV	Total comprehensive income for the period (comprising profit and other comprehensive income for the period)	1867.35	-1138.82	-4679.23	1054.51	830.87	1667.41	1211.55
XVI	Paid up Equity Share Capital (Face Value Re.1/-)	1133.85	1133.85	1133.85	1133.85	1133.85	1133.85	1133.85
XVII	Reserves excl. revaluation reserves as at previous balance sheet date	---	---	---	24372.21 (as on 31.03.2018)	24769.55 (as on 31.03.2017)	27045.24 (as on 31.03.2018)	27061.90 (as on 31.03.2017)
XVIII	Earnings per Share (EPS) (a) Basic and diluted EPS before Extraordinary items for the period, for the year to-date and for the previous year (not to be annualized)	1.62	-1.00	-4.13	0.90	0.74	1.44	1.01
	(b) Basic and diluted EPS after Extraordinary items for the period, for the year to-date and for the previous year (not to be annualized)	1.62	-1.00	-4.13	0.90	0.74	1.44	1.01



✓

NOTES :

a

The Board of Directors has recommended a dividend of Rs.0.10 per equity share of face value Re.1/-(P.Y. Re.0.10 per share), aggregating to Rs. 136.69 lakhs (including Corporate Dividend Tax of Rs.23.31 lakhs) for the year ended 31.03.2019.

b

The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.2019 to 12.09.2019, both days inclusive, in connection with the Twenty fourth Annual General Meeting of the Company to be held on 12.09.2019.

c

Following Inter divisional transfers have been excluded from the heads noted against each:

		Rs lakhs							
Particulars	FY 31.03.19	FY 31.03.18							
Revenue from Operation	11806.26	9531.66							
Cost of Material Consumed	3082.55	2647.36							
Other Expenses	8723.71	6884.30							
Total	11806.26	9531.66							
The above are largely on account of Distillery and incidental Co-gen plants.									

d

Consolidated Accounts include the results of the wholly-owned subsidiaries, viz, The Eimco-K.C.P.Ltd and KCP Sugars Agricultural Research Farms Ltd; Under Segment Reporting "Engineering Equipments" represents The Eimco-K.C.P.Ltd results as the same is a reportable segment, pursuant to AS 17 issued by the Institute of Chartered Accountants of India.

e

The figures for the quarter ended 31.03.2019 and 31.03.2018 are balancing figure between Audited Figures in respect of full financial year and the published year-to-date figures upto the third quarter of the relevant financial year.

f

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per section 133 of the Companies Act, 2013 notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 on account of which the following adjustments have been made.

Particulars	FY 31.03.19	FY 31.03.18							
Profit/(Loss) before following adjustment but before tax	3469.19	-4150.93							
<u>Under other Income</u>									
Interest Income from financial asset measured at amortised cost	5.56	-							
Change in fair value of financial assets	-	3614.14							
Total Income	5.56	3,614.14							
<u>Under Employee Benifit Expenses</u>									
Interest cost on financial asset measured at amortised cost	2.12	2.77							
<u>Under Finance Cost</u>									
Interest cost on financial liabilities measured at amortised cost	98.72	195.2							
<u>Other Expenses</u>									
Change in fair value of financial assets	817.84	-							
Total Expenditure	918.68	197.97							
Net Income/(Expenditure)	-913.12	3416.17							
Profit after above adjustments, but before tax	2556.07	-734.76							

g

The results for the previous periods have been regrouped / reclassified wherever necessary to comply with Ind AS requirements.

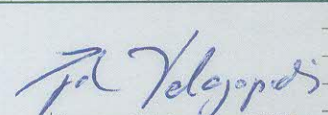
h

The above Audited Financial results were reviewed by the Audit Committee on 29.05.2019 and approved at the meeting of Board of Directors held on the same day.

// BY ORDER OF THE BOARD //

Place Chennai

Date 29.05.2019


Irmgard Velagapudi M.Rao
Managing Director



K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED

REGD OFFICE : "RAMAKRISHNA BUILDINGS"

No.239,ANNA SALAI, CHENNAI 600 006

QUARTERLY REPORTING OF SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER SEBI (LODR) REGULATIONS, 2015.

SL NO	PARTICULARS	(Rs.in Lakhs)					
		STANDALONE					CONSOLIDATED
		For the quarter ended			For the year ended		Year ended
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018	31.03.2019
		Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
1	SEGMENT WISE REVENUE						
	(Revenue from operation, Inter unit and Other Income)						
	a) Sugar	11318.42	8490.67	8147.42	32022.26	34064.93	32022.26
	b) Chemicals	2436.33	1328.66	1662.69	6333.74	4592.43	6333.74
	c) Power & Fuel	3768.05	1322.92	3124.09	5245.98	4177.39	5245.98
	d) Engineering Equipments	-	-	-	-	-	4427.95
	e) Others	143.62	156.61	225.55	578.85	615.99	601.53
	f) Unallocated	(379.43)	651.19	(260.31)	685.52	4852.19	681.92
	TOTAL	17286.99	11950.05	12899.44	44866.35	48302.93	49313.38
	Less: Inter Segment Revenue	7213.54	2808.27	5825.58	11806.26	9531.66	11806.26
	Sales / Income from Operations	10073.45	9141.78	7073.86	33060.09	38771.27	37507.12
2	SEGMENT RESULT - PROFIT / LOSS BEFORE TAX AND INTEREST FROM EACH SEGMENT						
	a) Sugar	906.11	-1716.86	(6132.36)	2772.67	(4344.45)	2769.89
	b) Chemicals	635.73	240.12	368.58	1368.32	480.37	1367.60
	c) Power & Fuel	690.15	125.83	416.53	845.02	650.42	844.98
	d) Engineering Equipments	-	-	-	-	-	952.93
	e) Others	60.44	89.06	101.71	307.03	288.81	307.86
	f) Unallocated	548.51	0.00	(794.88)	(873.19)	3630.82	(873.18)
	Total	2840.94	-1261.85	(6040.42)	4419.85	705.97	5370.08
	Add: (1) Finance Cost	593.68	372.02	480.10	1863.78	1440.73	1976.40
	(2) Other un-allocable expenditure net off unallocable Income	-	(495.05)	-	-	-	-
	Total	593.68	-123.03	480.10	1863.78	1440.73	1976.40
	Total Profit Before Tax	2247.26	-1138.82	(6520.52)	2556.07	(734.76)	3393.68
	Tax	414.48	-	1841.29	1536.13	1571.29	1762.32
	Profit After Tax	1832.78	-1138.82	(4679.23)	1019.94	836.53	1631.36
3	Segment Assets						
	a) Sugar	44570.97	28405.41	28133.79	44570.97	28133.79	44570.97
	b) Chemicals	1889.17	2457.03	2712.16	1889.17	2712.16	1889.17
	c) Power & Fuel	2212.83	2341.21	2203.17	2212.83	2203.17	2212.83
	d) Engineering Equipments	-	-	-	-	-	4725.34
	e) Others	301.24	305.99	321.05	301.24	321.05	748.88
	f) Unallocated	15249.29	15252.74	20222.63	15249.29	20222.63	14964.29
	TOTAL	64223.50	48762.38	53592.80	64223.50	53592.80	69111.48
	Segment Liabilities						
	a) Sugar	29234.54	15460.11	20545.67	29234.54	20545.67	29234.54
	b) Chemicals	275.08	316.39	249.87	275.08	249.87	275.08
	c) Power & Fuel	51.00	48.9	58.40	51.00	58.40	51.00
	d) Engineering Equipments	-	-	-	-	-	1601.90
	e) Others	65.13	70.80	70.51	65.13	70.51	65.28
	f) Unallocated	8173.87	8309.66	7162.29	8173.87	7162.29	8173.87
	TOTAL	37799.62	24205.86	28086.74	37799.62	28086.74	39401.67
4	CAPITAL EMPLOYED (Segment Assets - Liabilities)						
	a) Sugar	15336.42	12945.30	7588.12	15336.42	7588.12	15336.42
	b) Chemicals	1614.08	2140.64	2462.29	1614.08	2462.29	1614.08
	c) Power & Fuel	2161.84	2292.31	2144.77	2161.84	2144.77	2161.84
	d) Engineering Equipments	-	-	-	-	-	3123.44
	e) Others	236.11	235.19	250.54	236.11	250.54	683.60
	f) Unallocated	7075.42	6943.08	13060.34	7075.42	13060.34	6790.42
	Total Capital Employed in Segments	26423.88	24556.52	25506.06	26423.88	25506.06	29709.81



Handwritten signature or mark.

ANNEXURE-3

INDEPENDENT AUDITOR'S REPORT

To the members of K.C.P Sugar and Industries Corporation Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **K.C.P Sugar and Industries Corporation Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under the section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2019, its Profit (including other comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act 2013 (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



Key Audit Matters

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

We have determined the matters described to be the key audit matters to be communicated in our audit report:

SL No	Key Audit Matters	Substantive Audit Procedures
1	Evaluation of Uncertain Tax Positions : The Company has material uncertain tax positions including matters under disputes. These involve significant management judgment to determine the possible outcome of uncertain tax positions, consequently having an impact on related accounting and disclosures in the standalone financial statements. (Refer Note 44 to the standalone financial statements)	Our audit procedures include the following substantive audit procedures: • Obtained understanding of key uncertain tax positions. • Obtained details of completed tax assessments and demands for the year ended march 31, 2019 from management. • Read and analyzed select key correspondences, external legal opinions and consultations by management for key uncertain tax positions. • Discussed with appropriate Senior management and evaluated management's key underlying key assumptions in estimating the tax provisions; and • Assessed management's estimate of the possible outcome of the disputed cases.

Responsibility of Management for Standalone Financial Statements

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



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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



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

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

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

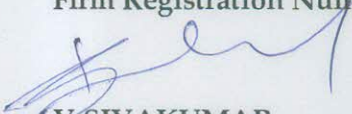
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Balance Sheet, Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the afore said standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note no.44 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For SURI & SIVA
Chartered Accountants
Firm Registration Number: 004284S


V.SIVAKUMAR

Partner

Membership number: 022379



Place: Chennai

Date: 29.05.2019

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED of even date)

- (i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets,
- (c) according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company, except in respect of certain immovable properties (land and buildings), which have been transferred to the Company as per a scheme of demerger are in the name of the erstwhile demerged company.
- (ii) The Management has conducted physical verification of Inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the company has not granted any loans, Secured or unsecured to the Companies, Firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence clause iii(a), iii(b) and iii (c) of the order are not applicable to the company for the year.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.



(v) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

(vi) We have broadly reviewed the books of accounts and records maintained by the company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, goods and service tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

b) According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, income tax, sales tax, value added tax, goods and service tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at the yearend for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us and the records of the Company examined by us, there are no material dues of Income tax, sales tax, goods and service tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute, except the following amounts:

Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	37,93,799	April 2009 to June 2017	Sales Tax Appellate Tribunal, Vizag
Income Tax Act, 1961	Income Tax & Interest	5,97,01,340	Financial Year 2013-14	Commissioner of Income Tax (Appeals), Chennai.



(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For SURI & SIVA

Chartered Accountants

Firm Registration Number: 004284S



V.SIVAKUMAR

Partner

Membership number: 022379



Place: Chennai

Date: 29.05.2019

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

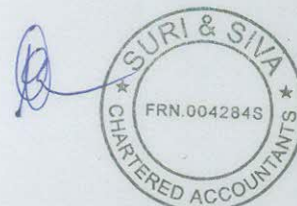
Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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



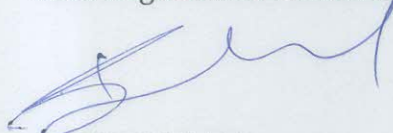
Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SURI & SIVA

Chartered Accountants

Firm Registration Number: 004284S



V.SIVAKUMAR

Partner

Membership number: 022379



Place: Chennai

Date: 29.05.2019

ANNEXURE-3

INDEPENDENT AUDITOR'S REPORT

To the Members of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including Other comprehensive income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 together with the independence requirements that are relevant to our audit of consolidated financial statements under the provisions of the Act and Rules made thereunder. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

SL No	Key Audit Matters	Substantive Audit Procedures
1	Evaluation of Uncertain Tax Positions : The Company has material uncertain tax positions including matters under disputes. These involve significant management judgment to determine the possible outcome of uncertain tax positions, consequently having an impact on related accounting and disclosures in the Consolidated financial statements. (Refer Note 44 to the Consolidated financial statements)	Our audit procedures include the following substantive audit procedures: • Obtained understanding of key uncertain tax positions. • Obtained details of completed tax assessments and demands for the year ended march 31, 2019 from management. • Read and analyzed select key correspondences, external legal opinions and consultations by management for key uncertain tax positions. • Discussed with appropriate Senior management and evaluated management's key underlying key assumptions in estimating the tax provisions; and • Assessed management's estimate of the possible outcome of the disputed cases.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.



The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when,



in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

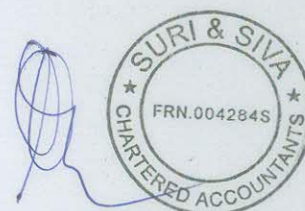
c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) on the basis of the written representations received from the Directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 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 of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the company and its subsidiaries incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

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



i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note no 34 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies incorporated in India.

For SURI & SIVA

Chartered Accountants

Firm Registration Number: 004284S



V.SIVAKUMAR

Partner

Membership number: 022379



Place: Chennai

Date: 29.05.2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of K.C.P. SUGAR AND INDUSTRIES CORPORATION LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of K.C.P.SUGAR AND INDUSTRIES CORPORATION LIMITED (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 ICAI"). 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 respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether



adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate



because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies 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

For SURI & SIVA

Chartered Accountants

Firm Registration Number: 004284S



V.SIVAKUMAR

Partner

Membership number: 022379



Place: Chennai

Date: 29.05.2019

ANNEXURE - 4

DECLARATION

Pursuant to Regulations 33 (3) (d) of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015

It is hereby declared and confirmed that the Auditors' Report on Annual Financial Results of the Company is with unmodified opinion.

This declaration is furnished in deference to the proviso to Clause (d) of sub-Regulation (3) of Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

For K.C.P Sugar and Industries Corporation Limited



**IRMGARD VELAGAPUDI
MANAGING DIRECTOR**

Chennai
29th May 2019