



The Jeypore Sugar Company Limited

Regd. Office : "RAMAKRISHNA BUILDINGS" 239, Anna Salai, Post Box No. 703, Chennai - 600 006.

FORM B

1	Name of the Company	THE JEYPORE SUGAR COMPANY LIMITED
2.	Annual Financial Statement for the year ended	31 st March, 2013
3.	Type of Audit Qualification	The Audit Report is subject to qualification and observations. The other observations are contained in the in the annexure forming part of the Auditors Report.
4.	Frequency of Qualification	The Subject to qualification and other observations given in the annexure to the Audit report were appeared for the first time. The observation regarding utilization of short term funds is appeared frequently.
5.	Draw attention to the relevant notes in the annual financial statements and management response to the qualification in the Directors' Report:	<p>The details of the qualifications and observations are detaild below:</p> <ol style="list-style-type: none">1) The fair value of the Assets at Pothavaram Unit is not available as as to determine the recoverable amount of the assets for its comparison with carrying amount of assets. (Point No.4 of main report in page No.38 Auditors Report)2) The Company did not have internal audit system during the period under report (Point No.7 of the annexure in page No.40 of the Auditors Report).3) Non-remittance of undisputed dividend amount of Rs.2,770/- pertaining to the year 2004-2005 (Final) (Point No.9(a) of the annexure in page No.41 of the Auditors Report).4) Delay in repayment of dues



Mv. Ramendy



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to banks. Further there was overdue amount to Banks as on 31-3-2013 to the extent of Rs.88.91 lakhs. (Point No.11 of the annexure in page No.42 of the Auditors Report).

- 5) Utilization of short term funds for long term purposes. (Point No.16 of the annexure in page No.43 of the Auditors Report).


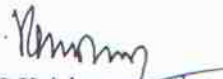
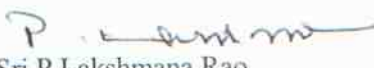

Management Response given in Directors report (Refer page No.11 in Annual Report)

- 1) With regard to the demerger of Pothavaram Unit, the Company has taken steps to file the necessary scheme of demerger and the petition in the High Court of Madras for necessary court approval. Further the transfer of assets on account of demerger is to be effected at the book value only, the question of short fall and the consequential provision does not arise.
- 2) During the accounting period under review the internal audit could not be completed due to some internal rearrangement. The Company has already taken steps for appointing the new internal auditors for the current financial year onwards.
- 3) The remittance of Rs.2,770/- in the unclaimed dividend account into Investors Protection Fund was not done due to non reconciliation of the account and the same will be remitted shortly.



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		<p>4) With regard to the observations of the auditors in respect of amounts outstanding of Rs.88.91 lakhs due to the bank as overdue, the company has made arrangements to settle the same immediately.</p> <p>5) As far as the observations of the auditors regarding the utilization of short term funds for long term purposes over a period of time the same had to be resorted to in view of the business exigencies and circumstances. The Company has taken note of the same.</p>
6.	Additional comments from the Board / Audit Committee Chair:	The management is taking necessary steps to rectify the observations made by the Auditors and try to minimize the audit qualification in coming periods.
7.	To be signed by- <ul style="list-style-type: none">• CEO / Managing Director• CFO• Auditor of the Company• Audit Committee Chairman	<p> Smt. Rajeswary Ramakrishnan (Chairman cum Managing Director)</p> <p> Sri. P.S. Krishnamoorthy (G.M. Finance & Secretary)</p> <p> Sri. P. Lakshmana Rao Partner Brahmayya & Co. Chartered Accountants</p> <p> Sri. R. Kannan Chairman Audit Committee</p>