



# Karuturi Global Limited

Website : [www.karuturi.com](http://www.karuturi.com)  
CIN : L01122KA1994PLC016834

05/10/2017

To,  
The Manager Listing Compliance  
B.S.E Limited  
P.J Towers, Dalal Street  
Mumbai-400001

Dear Sir/Madam,

**Subject: Submission of Annual Report for the F.Y ended 31-03-2017**

As per regulation 34(1) of SEBI (Listing obligation and Disclosure Requirements), Regulations 2015 please take into record the submission of Annual Report for the 22<sup>nd</sup> Annual General Meeting held on 27-09-2017.

This is for your information and records.

**For Karuturi Global Limited**

**Anitha Karuturi**  
**Compliance Officer**



## Corporate Information

### **BOARD OF DIRECTORS**

Sai Ramakrishna Karuturi  
Chairman and Managing Director

Anitha Karuturi  
Wholetime Director

Sunil Gupta  
Independent Director

Mahendra Kumar Sunkara  
Independent Director

Ashok Herur  
Additional Independent Director

Yeshoda Karuturi  
Additional Executive Director

Ananta Chandrakanth Darshan  
Independent Director

Company Secretary  
Rashi Singhal

### **REGISTERED OFFICE**

# 9/56, 1st Cross, 8th Main, Sadashivanagar  
Upper Palace Orchards, Bangalore-560080  
Email: [investorrelations@karuturi.com](mailto:investorrelations@karuturi.com)  
URL : [www.karuturi.com](http://www.karuturi.com)  
Ph : 080 - 5650052

### **REGISTRARS & SHARE TRANSFER AGENTS**

Karvy Computershare (P) Limited  
17 -24 Vithal Rao Nagar, Madhapur  
Hyderabad 500 081  
P : +91 040 44655124 || F : +91 40 23420814  
Email: [krishnans@karvy.com](mailto:krishnans@karvy.com)

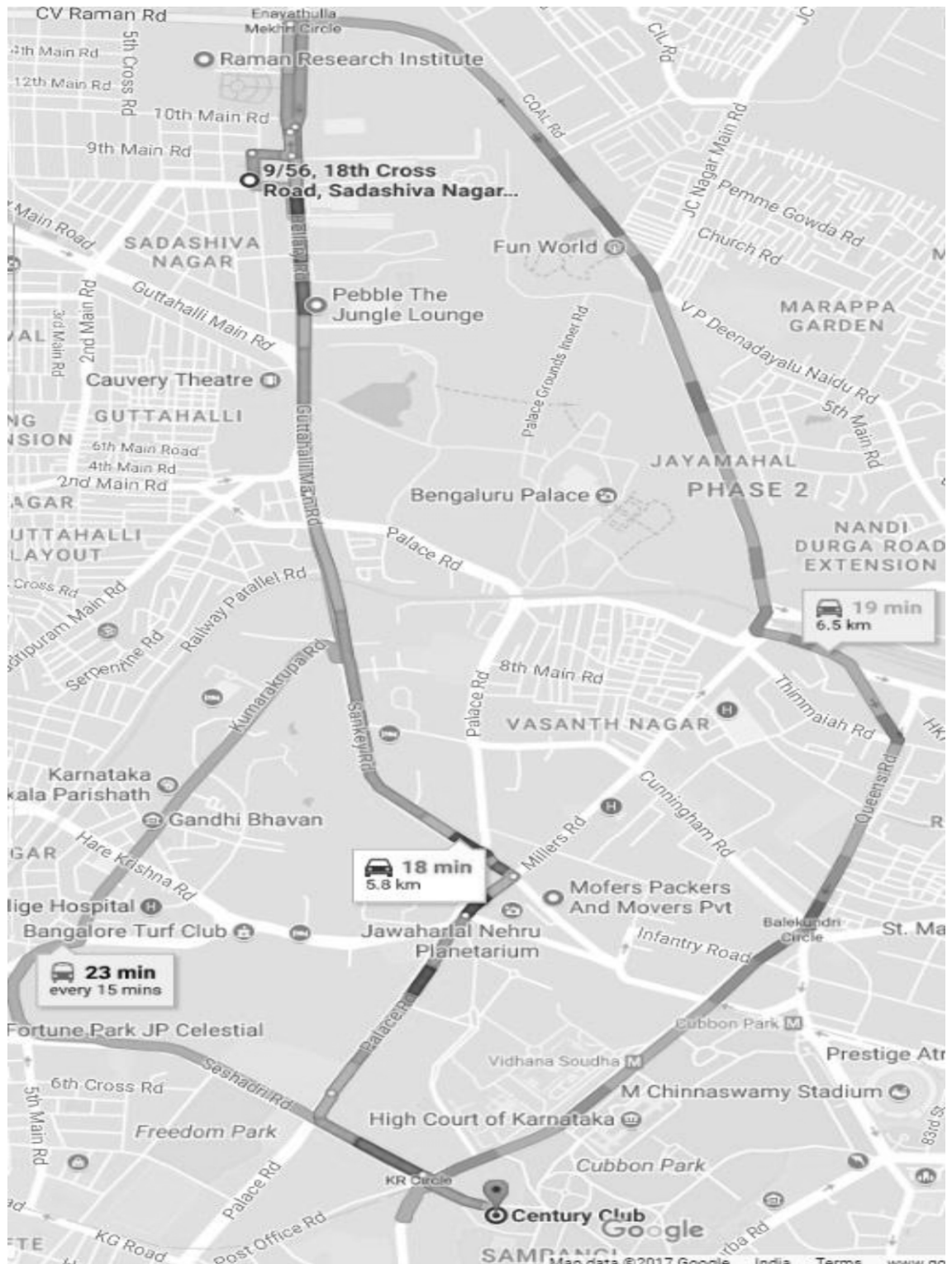
### **AUDITORS**

M/s G.G. Patil & Co.,  
Chartered Accountants,  
Bangalore

### **SECRETARIAL AUDTIORS**

Vijay Krishna KT  
Practising Company Secretary

# Annual Report 2016-17





## NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of the Karuturi Global Limited will be held on Wednesday, the 27th day of September 2017, at 11.00 A.M at Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore-560001 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the standalone audited financial statements (including consolidated audited financial statements) for the Financial Year ended 31st March, 2017 and the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Ms. Anitha Karuturi (DIN 01645602), who retires by rotation, being eligible, seeks re-appointment and pass the following resolution as an ordinary resolution:

**"RESOLVED THAT** Pursuant to the Provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013, the approval of the members be and is hereby accorded for the re-appointment of Ms. Anitha Karuturi (Din: 01645602) as a Director, to the extent that she is required to retire by rotation."

3. To appoint Messrs H. Muralidhar & Co., Chartered Accountants, as the Statutory Auditors of the Company and to fix their remuneration, and pass the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, (including any statutory modification or amendment there to or re-enactment there of for the time being in force), the approval of the members be and is hereby accorded for the appointment of M/s H. Muralidhar & Co Bangalore, (Firm Registration No.011874S) as Statutory Auditor of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the 27th Annual General Meeting, subject to the ratification by the Shareholders at every Annual General Meeting, on such remuneration as may be fixed by the Board of Directors in consultation with the Auditors."

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014, (including any Statutory modification or amendment thereto or re-enactment thereof for the time being in force), Ms. Yeshoda Karuturi (DIN: 07213837), who was appointed as an Additional Director of the Company on 15th February 2017 and whose term of office expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing proposing her candidature for the office of Executive Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as Executive Director of the company, who is liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV of the Companies Act, 2013 (including any Statutory modification or amendment thereto or re-enactment thereof for the time being in force), Mr. Ashok Herur (DIN: 07765419), who was appointed as Additional Independent Director of the Company on 15th February 2017 and whose term of office expires at this Annual General Meeting, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Independent Non- Executive Director of the Company, be and is hereby appointed as an Independent Non- Executive Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years or 27th Annual General Meeting whichever is earlier."

### 6. CONSOLIDATION OF EQUITY SHARE CAPITAL OF THE COMPANY

To consider and if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Section 61(1) (b) and other applicable provisions, if any, of the Companies Act, 2013, and rules framed there under (including any Statutory modification(s) or re-enactment thereof for the time being in force and Articles of Association of the company, and any other approval, consent, permission, sanction etc. as may be required from any government or other authority, consent of the Company be and is hereby accorded for consolidation of the entire authorized, issued, subscribed and paid-up Equity Share Capital of the Company by increasing the nominal value of the equity shares from Re.1/- (Rupee One only) each to Rs. 10/- (Rupees Ten only) each so that every 10 (Ten) equity shares with nominal value of Re.1/- (Rupee One only) each held by a member are consolidated and re-designated into 1 (one) equity share with nominal value of Rs.10/- (Rupees Ten only) each.

**RESOLVED FURTHER THAT** the consolidation of shares be determined on the basis of those shareholders whose names appear in the Register of Members as on 31.03.2017 or such other date as may be fixed by the Board of Directors of the Company in this regard (hereinafter referred to as the "Record Date").

#### RESOLVED FURTHER THAT

1) No member shall be entitled to a fraction of a share as a result of implementation of this resolution for consolidation of shares and the Company shall not issue any certificate or coupon in respect of such fractional shares;

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- 2) The fractional shares which will arise consequent to the Consolidation of Equity Share Capital shall be rounded off to next number in the Public category be and is hereby approved;
- 3) M/s. Rhea Holding Private Limited, belonging to the Promoter/ Promoter Group of the Company will surrender its rights to the extent of excess allotment to the Public category be and is hereby approved.

### RESOLVED FURTHER THAT:

- 1) In case of shares held in physical form, the existing share certificates issued to the holders of the equity shares of the Company be treated as cancelled from the Record Date, and fresh share certificates be issued in respect of the consolidated equity shares of the Company to such members in accordance with the provisions of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014.
- 2) In case of shares held in dematerialized form, the respective beneficiary accounts of the members who hold the shares of the Company in dematerialized form be credited with consolidated equity shares in lieu of their existing shares.

**RESOLVED FURTHER THAT** the Board of directors of the company be and is hereby authorized to take all the necessary steps for giving effect the foregoing resolution, including recall of the existing share certificates, issue of new share certificates in lieu of the existing issued share certificates in terms of the foregoing resolutions and in accordance with the applicable provisions of the Companies Act, 2013."

### 7. ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Special Resolution:

"RESOLVED THAT the existing Authorized Share Capital of Rs. 175,00,00,000/- (Rupees One Hundred and Seventy Five Crores only) of the Company consisting of 175,00,00,000 (One Hundred and Seventy Five Crores only) Equity Shares of Re. 1/- each be and is hereby reclassified/Consolidated as 17,50,00,000 (Seventeen Crores Fifty Lacs only) Equity Shares of Rs. 10/- each aggregating to Rs. 175,00,00,000/- (Rupees One Hundred and Seventy Five Crores only) and consequently the Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting the following new Clause V in place of existing Clause thereof:

*V. "The Authorized Share Capital of the Company is Rs. 1,75,00,00,000/- (Rupees One Hundred and Seventy Five Crores only) divided into 17,50,00,000 (Seventeen Crores and Fifty Lacs) Equity Shares of Rs. 10/- (Rupee Ten) each."*

RESOLVED FURTHER THAT Board of the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this resolution."

### 8. ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass, with or without modification (s), the following resolution as an Special Resolution:

"RESOLVED THAT the existing Authorized Share Capital of Rs. 175,00,00,000/- (Rupees One Hundred and Seventy Five Crores only) of the Company consisting of 175,00,00,000 (One Hundred and Seventy Five Crores only) Equity Shares of Re. 1/- each be and is hereby reclassified/Consolidated as 17,50,00,000 (Seventeen Crores Fifty Lacs only) Equity Shares of Rs. 10/- each aggregating to Rs. 175,00,00,000/- (Rupees One Hundred and Seventy Five Crores only) and consequently the Articles of Association of the Company be and is hereby altered by substituting the following new Article in place of existing Article thereof:

*V. "The Authorized Share Capital of the Company is Rs. 1,75,00,00,000/- (Rupees One Hundred and Seventy Five Crores only) divided into 17,50,00,000 (Seventeen Crores and Fifty Lacs) Equity Shares of Rs. 10/- (Rupee Ten) each."*

RESOLVED FURTHER THAT Board of the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this resolution."

**By Order of the Board  
For Karuturi Global Limited  
Director**

Place: Bangalore  
Date: 12th July 2017.  
Registered office: # 9/56, 1st Cross, 8th main  
Upper Palace orchards, Sadashivanagar  
Bangalore-560080.



Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A Proxy is not entitled to vote except on a poll. A Proxy form is enclosed herewith.
2. The notice of Annual General Meeting of the company will be sent to those members/beneficial owners whose name appear in the registrar of members received from the depositories as on 14th July, 2017.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
4. The instrument appointing the proxy, duly completed, should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies etc., must be supported by appropriate board resolutions / Power of authority, as applicable.
5. Corporate Members are requested to send a duly certified copy of the Board resolution, authorizing their representative(s) to attend and vote at the Annual General Meeting, pursuant to the provisions of Section 113 of the Companies Act, 2013.
6. Members/proxies should bring the attendance slip sent herewith, duly filled-in to attend the Meeting.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members may also please note that as per Section 124 (5) and Section 125C of the Companies Act, 2013, all the amounts transferred to the Unpaid Dividend Account of the Company and remaining unpaid or unclaimed for a period of seven years from the date of such transfer have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.
9. The Register of Directors and Key Managerial Personnel and their Shareholdings, maintained under Section 170 of the Companies Act, 2013 and Register of contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
10. The shareholders can opt for voting through physical mode or electronic mode in case vote are casted through both the modes then e-voting shall be considered.
11. SEBI has mandated the submission of Permanent Account Number by every participant in securities market. Members holding shares in electronic form, are therefore, requested to submit their Pan to their DPs with whom they are maintaining their Demat accounts. Members holding shares in physical format can submit their Pan to Company's RTA.
12. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules there under.
13. The Register of Members and Share Transfer Books will remain closed from 19th September 2017 to 27th September 2017 (both days inclusive).
14. Members are requested to notify the Registrar and Share Transfer Agents Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 for any change in their address, Email-ID, so as to enable Company to address future communications to their correct addresses.
15. As part of the "Green Initiative in Corporate Governance", taken by Ministry of Corporate Affairs (MCA), Karuturi Global Limited shall send all shareholders communication such as Notice, Reports etc, to shareholders in electronic form to the E-mail Id provided by them and made available to us by the Depositories. Members are requested to register their E-mail Id with their Depository Participant and inform them of any changes from time to time. However, Members who prefer physical copy to be delivered may write to the Company at its registered office or send an E-mail to investorrelations@karuturi.com by providing their DP Id and Client Id as reference.
16. In terms of Regulation 44 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the company is pleased to provide E-voting facility to members to exercise their right to vote by electronic means. The members, whose names appear in registrar of members/ list of beneficial owners as on 21st September 2017 i.e., the cutoff date taken by the company who shall be entitled to avail the facility of remote e-voting/physical voting at the AGM venue. The E-voting period will commence from 24th September 2017, at 09.00A.M(IST) and will end at 5.00PM(IST) on 26th september,2017. The E-voting module will be disabled on 26th September,2017 at 5.00PM(IST). The voting rights of members shall be in proportion to the number of shares held by them as on cutoff date, 21st September 2017.



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17. Mr. Kiran Desai Designated partner of M/s KDSH & Associates LLP, Company Secretaries (Membership No. ACS 34875.), has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner. The facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
18. The Explanatory notes pursuant to Section 102 of the Companies Act, 2013 which sets out all the details relating to special business to be transacted at the meeting is annexed hereto.
19. The Route map for AGM is provided at the end of this notice.
20. The company has entered into an arrangement with Karvy computershare Private Limited for facilitating E-voting for the AGM.
21. Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. 21st September 2017, may obtain the User Id and password in the manner as mentioned below:

-If the mobile number of the member is registered against Folio No./ DPID Client ID, the Member may send SMS: MYEPWD E-Voting Event Number +Folio number or DPID Client ID to +91-9212993399

Example for NSDL: MYEPWDIN12345612345678

Example for CDSL:MYEPWD1402345612345678

Example for Physical: MYEPWD (EVENTNO)XXXX1234567890.

- If e-mail address or mobile number of the member is registered against Folio No./ DPID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.
- Member may call Karvy's Toll free number 1-800-3454-001.
- Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).

Procedure for remote e-voting by electronic means:

I. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) as agency to provide e-voting facility for AGM

The instructions for remote e-voting are as under:

- (a) In case of Members receiving an e-mail from Karvy :
  - (i) Launch an internet browser and open <https://evoting.karvy.com>
  - (ii) Enter the login credentials (i.e. User ID and password). The Event No.+Folio No. or DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - (iii) After entering the above details Click on - Login. Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
  - (v) On successful login, the system will prompt you to select the E-Voting Event.
  - (vi) Select the EVENT of Karuturi Global Limited and click on - Submit.
  - (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
  - (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
  - (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
  - (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [compliance@kiran-cs.com](mailto:compliance@kiran-cs.com) and they may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_EVENT NO."
- (b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip:



(E-voting Event Number)User IdPassword

- (i) INITIAL PASSWORD IS PROVIDED, AS FOLLOWS, AT THE BOTTOM OF THE ATTENDANCE SLIP.
- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.
- II In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>
- III If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.

#### **EXPLANATORY STATEMENT PURSUANT TO SEC. 102 OF COMPANIES ACT, 2013:**

##### **Special Business No. 4**

Ms. Yeshoda Karuturi was appointed as Additional Director on the board of the company dated 15th February 2017 and who shall hold office upto Twenty Second Annual General Meeting. In terms with Companies Act 2013, it is proposed that the Ms. Yeshoda Karuturi be appointed as Executive Director of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Ms. Yeshoda Karuturi will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of Rs. 1,00,000/- (Rupees One Lakh) proposing the candidature of Ms. Yeshoda Karuturi for the office of Executive Director, to be appointed as such under the provisions of Section 152 of the Companies Act, 2013.

The Company has received from Ms. Yeshoda Karuturi

- (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Ms. Yeshoda Karuturi as Executive Director of the Company pursuant to provisions of Section 152 of the the Companies Act, 2013 and the Rules made thereunder. She will be liable to retire by rotation.

No director, key managerial personnel or their relatives, except Mr. Sai Ramakrishna Karuturi, Ms. Anitha Karuturi and Ms. Yeshoda Karuturi, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No 4 for the approval of the members.

##### **Special Business NO. 5**

Mr. Ashok Herur was appointed as additional director on the board of the company on 15 February 2017 and who shall hold office upto Twenty Second Annual General Meeting. In terms with Companies Act 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 it is proposed that Mr. Ashok Herur be appointed as independent director for a term of five consecutive years from the date of appointment.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Ashok Herur will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of 1,00,000/- (Rupees One Lakh) proposing the candidature of Mr. Ashok Herur for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Ashok Herur

- (i) Consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and
- (iii) A declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Ashok Herur as an Independent Director of the Company for a period of five years pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He will not be liable to retire by rotation.

In the opinion of the Board, Mr. Ashok Herur, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr Ashok Herur as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

No director, key managerial personnel or their relatives, except Mr. Ashok Herur, to whom the resolution relates, are interested or concerned in the resolution.



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The Board recommends the resolution set forth in Item No 5 for the approval of the members.

### **Special Business NO. 6, 7 & 8**

#### **Consolidate the Equity Share Capital of the Company**

The Board of Directors has proposed to consolidate the entire share capital of the Company by increasing the Nominal value of the Equity shares from Re. 1 per share to Rs. 10 per share such that every ten Equity shares with Nominal Value of Re. 1 each held by the member are consolidated and re-designated into one Equity share with nominal Value of Rs. 10/- each with effect from the Record date as may be determined for this purpose. Pursuant to Section 61 of the Companies Act, 2013, the consolidation of share capital requires the approval of members in general meeting and hence the resolution is submitted to the meeting for members' approval. Consequently, Clause V of Memorandum of Association and Articles of Association will be altered accordingly.

None of the Directors, key managerial personnel or any of their relative is, in any way concerned or interested in the above resolution.

Board of Directors recommends the resolution set forth in Item No 6,7 & 8 for approval of members

**By Order of the Board  
For Karuturi Global Limited  
Director**

Place: Bangalore  
Date: 12th July 2017.  
Registered office: # 9/56, 1st Cross, 8th main  
Upper Palace orchards, Sadashivanagar  
Bangalore-560080.  
CIN: L01122KA1994PLC016834



### **Annexure to Notice**

Additional Information on Directors recommended for appointment /reappointment as required under regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.

#### **Ms. Yeshoda Karuturi**

Ms. Yeshoda Karuturi was appointed as Additional director of Karuturi Global Limited on 15th day of February, 2017.

She is responsible for the overall management of the company, focusing on overseas operations. She holds a Masters in Accounting and a Bachelor of Science in Business Administration from Washington University in St. Louis, U.S. She is also pursuing her CPA.

#### **Nature of Expertise:**

Accounting, Finance, Strategy, Internal Control

#### **Disclosure of Inter-se relationships between directors and KMP:**

She is the daughter of our Chairman and Managing Director, Sai Ramakrishna Karuturi.

#### **Listed Companies (other than KGL) in which Yeshoda Karuturi holds Directorship and Committee membership**

Nil

#### **Shareholding in the Company**

Nil

#### **Mr. Ashok Herur**

Mr. Ashok Herur was appointed as Additional Director of Karuturi Global Limited on 15th day of February 2017 as a member on the Board. As a member his innovative ideas and Client relationship management across the Company were fruitful.

He has been a Teaching Professional with over 32 years of experience, who has taught in Universities and Corporates in India, US and Singapore.

He holds BE (E&C) in 1984, from Gulbarga University, Karnataka MS (E&C) in 1987, from Clarkson University, Potsdam, NY, USA. PGDBM in 2007, from Symbiosis Institute of Business Management, Pune. FIETE (Fellow of Institute of Electronics and Telecommunication Engineers) LMISTE (Life Member of Indian Society for Technical Education). He shares working experience with Wipro Technologies, RV Engineering College, TMC Computer School, MSB engineering college, KLES Engineering College and Clarkson University.

#### **Nature of expertise in specific functional areas**

Business Finance ,Engineering and Telecommunication

#### **Disclosure of inter-se relationships between directors and KMP**

Nil

#### **Listed Companies (other than KGL) in which Ashok Herur holds Directorship and Committee membership**

Nil

#### **Shareholding in the Company**

1500000 Shares

**By Order of the Board  
For Karuturi Global Limited  
Director**

Place: Bangalore  
Date: 12th July 2017.  
Registered office: # 9/56, 1st Cross, 8th main  
Upper Palace orchards, Sadashivanagar  
Bangalore-560080.  
CIN: L01122KA1994PLC016834

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## BOARDS' REPORT

To the Members,

Your Directors have pleasure in submitting their Twenty Second Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

### BUSINESS:

Karuturi Global Limited is the world's largest producer of cut roses and having a global presence in Asia, America and Europe. The company has its operations in India, Ethiopia, Dubai & Kenya, diversified into agriculture, floriculture and food processing producing Pulses, Oil seeds, Maize, Rice, Sugar, Cut roses, Plants production and distribution, Gherkins, Baby corn, Jalapenos, and Bottled pickles.

### FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY:

The Company's financial performance for the year under review along with previous year figures is given hereunder:

(Amount in Rs. Lakhs)

Particulars	Financial Year Ended			
	Standalone		Consolidated	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Total Revenue	1,015.69	1,421.46	22,612.76	33,033.90
Profit/(loss) Before Interest, Depreciation & Tax (PBITD)	-77.35	2,709.20	14,041.35	24,896.21
Finance Charges	125.24	3,852.88	936.63	5,546.52
Depreciation	74.56	53.85	4,356.56	4,316.32
Provision for Income Tax (including for earlier year)	-384.34	87.56	-309.37	111.94
Net Profit /(loss) After Tax	107.19	-1,285.09	9,057.53	14,921.43

### RESULTS OF OPERATIONS

During the financial year ended March 31, 2017 total revenue of the Company was Rs. 1,015.69 lakhs as against the revenue for the previous year which was Rs. 1,421.46 lakhs and net profit for the financial year ending March 31, 2017 Rs. 107.19 lakhs as against the previous year which was Rs. (1,285.09) lakhs at standalone level.

During the financial year ended March 31, 2017 total revenue of the Company was Rs. 22,612.76 lakhs as against the revenue for the previous year which was Rs. 33,033.90 lakhs and net profit of for the financial year ending March 31, 2017 Rs. 9,057.53 lakhs as against the previous year which was Rs. 14,921.43 lakhs at consolidated level.

### SHARE CAPITAL

During the year, the company has issued 47,78,04,878 (Forty Seven Crores Seventy Eight Lakhs Four Thousand Eight Hundred Seventy Eight) Equity shares to the Share holders. On March 31, 2017, the company's share capital stood at Rs. 1,49,75,31,526/- divided into equity shares of Rs. 1/- each.

### RESERVES

Changes in reserves is been disclosed in Notes to Accounts refer 2.2 table.

### DIVIDEND

Your Directors do not recommend any dividend on the shares of the Company for the year under review.

### TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

The company will transfer the amount to Investor Education and protection Fund on due date as mentioned in the notice of the AGM, no unclaimed dividend is due for transfer to Investor Education and protection Fund.

### DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review

### DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL

The Board is duly constituted with Seven Present Directors of the Company are as below

Sl.No	Particulars	Designation
1.	Sai RamaKrishna Karuturi	Chairman and Managing Director
2.	Anitha Karuturi	Whole Time Director
3.	Yeshoda Karuturi	Director
4.	Mahendra Kumar Sunkara	Independent Director
5.	Ananth Chandrakanth Darshan	Independent Director
6.	Sunil Gupta	Independent Director
7.	Ashok Herur	Independent Director



Ms. Anitha Karuturi retire at this Annual General Meeting and being eligible offer herself for re- appointment.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from all Independent Directors of the Company confirming that they meet with the criteria of independence, as prescribed under Section 149 of the Companies Act, 2013 and Regulation 25 of the Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

Details of Directors and Key Managerial Personnel who were appointed or have resigned during the year

Mr. Ashok Herur was appointed as an Additional Independent Director effective 15th February 2017. Members attention is drawn to note no 5 of the notice for appointment of Mr. Ashok Herur as Additional Independent Director of the Company.

Ms. Yeshoda Karuturi was appointed as an Additional Executive Director effective 15th February 2017. Members attention is drawn to note no 4 of the notice for appointment of Ms. Yeshoda Karuturi as Executive Director of the Company.

Mrs. Rashi Singhal was appointed as the Company Secretary effective 02nd February 2017.

Mr. Man Mohan Agrawal, Director of the Company resigned effective 28th November 2016.

Mr. Mahaveer Jain Company Secretary resigned effective 28th October 2016

#### **NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company had 5 Board meetings during the financial year under review.

<b>Sl. No.</b>	<b>Date of Board Meeting</b>
1.	28th May 2016
2.	13th August 2016
3.	10th September 2016
4.	24th November 2016
5.	14th February 2017

#### **SUBSIDIARY COMPANIES:**

1. Karuturi Floritech Pvt Ltd. India
2. Karuturi Foods Pvt Ltd., India
3. Karuturi Flower Express Pvt Ltd., India
4. Karuturi Overseas Ltd, Dubai
5. Flower Xpress FZE, Dubai
6. Yeshoda Investments Ltd, Kenya
7. Rhea Holdings Ltd, Kenya
8. Surya Holdings Ltd, Kenya
9. Karuturi Sports Ltd, Kenya.
10. Karuturi Hospital Ltd, Kenya
11. Ethiopian Meadows Plc, Ethiopia
12. Karuturi Agro Products Plc., Ethiopia
13. Surya Blossoms Plc. Ethiopia
14. Shiv Pack PLC, Ethiopia

#### **MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report.

#### **SIGNIFICANT AND MATERIAL ORDERS**

There were no significant material order passed by the regulators or courts or tribunals which has impacted the going concern status and operations of the company in future.

#### **POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION DETAILS**

The Board Nomination and Remuneration committee oversees the Company's Nomination process for Independent Directors and in that connection to identify screen and review individuals qualified to serve as an independent Director on the Board. Further, the information about the elements of remuneration package of individual directors is provided in the extract of the Annual Return in Form MGT-9 enclosed to Board's Report.

#### **STATUTORY AUDITORS**

Messer G.G Patil & Company were appointed as Statutory Auditor of the Company until the conclusion of this Annual General Meeting. Due to their pre-occupation they have resigned. The Board recommends appointment of Messer H. Muralidhar (Firm Registration No.011874S) as a Statutory Auditor of the Company from the conclusion of the Annual General Meeting up to the conclusion of 27th Annual General Meeting in terms of the section 139(1) of the Companies Act, 2013. The Company has received a certificate from the above Auditors to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013

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## **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The brief outline of the Corporate Social Responsibility ("CSR") initiatives undertaken by the Company on CSR activities during the year are set out in Annexure –B required under the provisions of Section 135 and schedule VII of the Companies Act, 2013. The CSR policy is available on the website of the Company.

The Company was in the process of evaluating the focus areas / locations of intervention for CSR activities to cater to the pressing needs of society and deliver optimal impact. As a socially responsible company, your Company is committed to increase its CSR impact and spend over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives.

The net profit of the company was Rs 107.19 lakhs and turnover of the Company Rs. 1,015.69 lakhs during the year under review. Therefore the Company is not subject to provisions of Section 135 of the Companies Act, 2013

## **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORTS**

*Point No 1 : The Company's Sales and Purchase transactions are normally supported by valid documents such as P.O's., D.C., G.R.N. etc. However, in view of some unique and unconventional trade practices including barter systems and not having/not using bank accounts which are peculiar to agricultural business, all the transactions are not as per the procedures suggested by the Auditors. The Company has substantially improved upon the documentation and continues to do so. It is also submitted that apart from certain intricacies related to the sectoral business there is no material misstatement.*

*Point No 2: RBI condition was conditional and same was not agreed to by Bondholders. RBI capped interest @7% however Bondholder agreed to 7.7%. We sought RBI permission for relaxation and the same was not yet granted.*

## **SECRETARIAL AUDITOR**

The Company had appointed Mr. Vijaykrishna KTC Company Secretary, Bangalore, to conduct its Secretarial Audit for the financial year ended March 31, 2017. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The Report does contain certain qualification, reservation or adverse remark. The Secretarial Audit Report is annexed to this report.

## **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE SECRETARIAL AUDITORS IN THEIR REPORTS**

- a. *The company has appointed an interim CFO during the year under review.*
- b. *Company will take necessary steps to publish notice in newspaper.*
- c. *The company had sent returns to Authorised dealer bank but due to want of information there was delay in filing returns with RBI.*
- d. *The company will take necessary steps to file all the returns with ROC.*

## **EMPLOYEE STOCK OPTION PLAN (ESOP):**

The Company has commissioned its maiden Employees Stock Option Plan during the year 2006. Through this, the Company allotted 7,47,416 Equity Shares of Re. 1 each were allotted on exercise of options granted to the eligible employees of the Company into Equity Shares during the year 2012-13, for 2014-15 – Nil, 2015-16 – Nil & for 2016-17- Nil.

## **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.

## **INTERNAL FINANCIAL CONTROLS OVER FINANCIAL STATEMENTS AND COMPLIANCE OF LAWS**

The Company during the year has reviewed its internal financial control systems and has contributed to establishment of more robust and effective IFC framework, prescribed under section 134(5) of Companies Act, 2013. The Board of Directors is of the view that the existing financial controls adopted with reference to financial statements within the Company are adequate. The Company has a adequate systems and process to monitor and ensure compliance with applicable laws, rules and guidelines.

## **AUDIT COMMITTEE**

The Audit Committee constituted by the Company meets the requirement of Section 177 of the Companies Act, 2013 as well as that of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements,) Regulations 2015 and the details of its composition are furnished in the Corporate Governance Report attached. There was no instance during the year where the Board had not accepted any recommendation of the Audit Committee

## **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee constituted by the Company meets the requirement of Section 178 of the Companies Act, 2013 as well as that of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements,) Regulations 2015 and the details of its composition are furnished in the Corporate Governance Report attached. The company is appointing one additional Independent Director and one Executive Director to fulfill all the



obligations required under statute.

### **VIGIL MECHANISM**

The Code of Conduct and vigil mechanism applicable to Directors and Senior Management of the Company is available on the Company's website at [www.karuturi.com](http://www.karuturi.com).

### **ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure A and is attached to this Report.

### **CORPORATE GOVERNANCE**

Pursuant to Regulation 34 of the Listing Regulations executed with the stock exchange, a management discussion and analysis, Corporate Governance report and Auditor's Certificate regarding compliance of conditions of corporate Governance forms part of the annual report.

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

Particulars of loans, guarantees and investments form part of Note no 2.13, 2.12, 2.19, and 2.1 respectively to the financial statements provided in the full version of the Annual Report.

### **RELATED PARTY TRANSACTION**

All arrangements / transactions entered by the Company with its related parties during the year were in ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any arrangement / transaction with related parties which could be considered material in accordance with the Company's Policy on Related Party Transactions and accordingly, the disclosure of Related Party Transactions in Form AOC 2 is not applicable. However, names of Related Parties and details of transactions with them have been included in Note no. 2.3C, 2.18, and 3.6 to the financial statements provided in the full version of the Annual Report.

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

The Company has not actively engaged in the consumption of energy or absorption of technology. The Company is however aware of its responsibilities and has at every available opportunities, used and implemented such measures so as to enable energy conservation. There has been no technology absorption involved.

The total Foreign Exchange Inflow and Outflow during the year under review is as follows:

Total Foreign Exchange Earnings Rs. 29,185.21 lakhs.

Total Foreign Exchange Outgo Rs. 19,753.77 lakhs.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had 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 of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis;
- e) The directors has led down internal financial controls to be followed by the Company and such internal controls are adequate and operating effectively; and
- f) 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.

### **Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. Some of the key criteria considered while conducting evaluation such as degree of fulfilling the key Responsibilities, effectiveness of Board process, information and functioning, Board dynamics and efficacy of communication with external stakeholders, Contribution at Board/Committee meetings, guidance or support to Management outside Board/Committee Meetings.

### **Independent Directors**

A separate meeting of the independent Directors was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman.



# Annual Report 2016-17

## **Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is furnished in Annexure to MGT-9

## **Particulars of Employees**

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

While the Company has set up a Committee to look into the complaints under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, no complaint relating to sexual harassment at work place has been received during the year.

Details in respect of frauds reported by auditors under Section 143

The statutory auditors of the Company have not reported any fraud as specified under section 143 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force).

## **ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

### **FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Date: 12/07/2017  
Place: Bangalore

Sai Ramakrishna Karuturi  
Managing Director

Anitha Karuturi  
Whole Time Director



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry Structure and Developments**

The world production of floriculture is growing at a rate of 10% every year. Floriculture is the sunrise industry in India and Government has granted 100% export oriented status. Owing to steady increase in demand for flower floriculture it has become one of the important commercial trades in agriculture. Floriculture products mainly consist of cut flowers, pot plants, cut foliage, seeds bulbs, tubers, rooted cuttings and dried flowers or leaves. The important floricultural crops in the international cut flower trade are rose, carnation, chrysanthemum, gargera, gladiolus, gypsophila, liastris, nerine, orchids, archilea, anthuriu, tulip, and lilies. Floriculture crops like gerberas, carnation, etc. are grown in green houses. The open field crops are chrysanthemum, roses, gaillardia, lily marygold, aster, tuberose etc.

### **BUSINESS REVIEW:**

During 2016 -17, your Company was able to maintain its position in the Floriculture Industry in the midst of the European Crisis which is its key market. The Company continued to make steady progress in its Agricultural foray developing Land in Ethiopia.

### **AGRICULTURE:**

The company continued its efforts to develop the agricultural farm. Apart from corn, sugarcane, oil seeds and paddy form a part of our agro portfolio.

While wet cultivation during the monsoons is being maximized, agriculture during the dry seasons will be driven by construction of canals and implementation high performance pumps to draw water from the river Baro and further irrigate the agricultural land. This is augmented by bore wells.

The Company now work with expert farming companies from South America, USA, South Africa and India who have been contributing immensely to the farming operations in Gambella. Karuturi is synonymous with responsible and good business in Ethiopia.

### **FLORICULTURE:**

The cut flower business had a stable beginning this year. The Company adopted sustainable initiatives like cutting edge biological controls like Phytoselius (Predatory Mites) we have eliminated spraying for two spotted red spider mites by 95%. Also moving to Hydroponics entailed 10% improvement in production with 30% reduction in consumption of water & fertilizers. Keeping our environmental responsibilities in mind the company has stopped all cultivation on riparian land and is in complete compliance with all regulations.

The Company has established a earth worm project on an area of 2000 square meters and we are consulting organic scientists from the university of Nairobi with view to further refining the leachate. This project has reduced our fertilizer cost by 10-12%

### **FOOD PROCESSING:**

This food Processing business at Karuturi Foods Private Limited (KFPL) has sustained to maintain the business during the year. The Company has tried its reach to newer markets to Africa, Greece , South America and East European countries besides its main markets in Russia & Ukraine Regions. The Company has invested in machinery to increase the efficiency level of its processing to increase line speed. In the current year your Company plans to spread its market across various countries to reducing its dependency on Russia which is a very price sensitive & volatile market.

The factory has been certified by BRC (British Retail Consortium) besides HACCP, FDA & KOSHER as all customers expect these Certifications as pre requisite for placing the Orders with KFPL.

### **Opportunity threats and risks**

The market for floriculture products consists of range of products, which offers various opportunities in supplying products such as flowers, orchids and tropical foliages particularly when there is a scarce for these products in western markets. As a new product emerges in the floriculture industry intends company to make larger investment. Reasons for shortfall are mainly related to trade environment, infrastructure and marketing issues such as high import tariff. The availability of dedicated carriers for carrying perishable products is also low in India and freight rates are high. Other challenges are at production levels mostly related to availability of basic inputs, including seeds and planting material, quality irrigation and skilled manpower in remote areas.

### **Internal Control system and their adequacy**

The Company has chartered accountant who oversees the company internal control systems. The company is utilizing the services of an external team from an auditor to conduct internal audits in various areas throughout the year. The Board audit committee reviews the effectiveness of internal audit function periodically at its committee meetings. The Board of Directors after making reasonable enquires from Secretarial Team, Human resource Department, Accounting Department and with concurrence of audit committee is of the opinion that the internal controls of the company are adequate to address the financial, operational and Compliance risks of the company.

### **Human Resources**

The company has 14 employees on rolls as on 31st March 2017. The Human resource department is facilitated with led interventions and processes in the areas in the talent management, performance, potentials appraisals, and learning and development initiatives for employees at all level. Our approach towards remuneration of our employees and their families enjoy a respectable standard of living.

## Annual Report 2016-17

### **OUTLOOK:**

Your Company's Strategic Goal this year would be to bring a larger area under Agricultural Production and continue to create new opportunities in its Floriculture, Food Processing and Agriculture.

### **Cautionary Statement**

Statements in management discussion and analysis describes the company objectives, projections estimates and expectations may be forward looking statements within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that make a difference in company's operation include demand/supply and price conditions in the overseas and domestic markets in which it operates, changes in the government regulations, tax laws and other statues and incidental factors.



**ANNXURE-A**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

**REGISTRATION & OTHER DETAILS:**

CIN	L01122KA1994PLC016834
Registration Date	26/12/1994
Name of the Company	Karuturi Global Limited
Category	Company Limited by shares
Sub-category of the Company	Indian Non government Company
Address of the Registered office & contact details	# 9/56, 1st Cross, 8th Main, Upper Palace orchards, Sadashivanagar, Bangalore-560080
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any.	<b>Karvy Computershare Pvt. Ltd.</b> Karvy Selenium Tower B, Plot No. 31 & 32   Financial District Gachibowli   Hyderabad 500 032   India

**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Flowers	01193	8.19 %
2	Plant & Plant Materials	01301	91.81 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Flowers	01193	48.75%
2	Trading	-	51.11%
3	Plant & Plant Materials	01301	00.14%

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## VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### Category wise Shareholders

CATEGORY CODE CATEGORY OF SHAREHOLDER		No. Of shares held at the beginning of the year 31/03/2016				No. Of shares held at the end of the year 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	<b>PROMOTER AND PROMOTER GROUP</b>									
-1	INDIAN									
(a)	Individual /HUF	25879895	0	25879895	2.54	25879895	0	25879895	1.73	0.81
(b)	Central Government/State Government(s)	0	0	0	0	0	0	0	0	0
(c)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(d)	Financial Institutions / Banks	0	0	0	0	0	0	0	0	0
(e)	Others	17789190	21000000	227789190	22.34	17789190	322804878	340594068	22.74	-0.40
	<b>Sub-Total A(1) :</b>	<b>43669085</b>	<b>21000000</b>	<b>253669085</b>	<b>24.88</b>	<b>43669085</b>	<b>322804878</b>	<b>366473963</b>	<b>24.47</b>	<b>0.41</b>
-2	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0	0	0	0	0
(c)	Institutions	0	0	0	0	0	0	0	0	0
(d)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(e)	Others	0	0	0	0	0	0	0	0	0
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total A=A(1)+A(2)</b>	<b>43669085</b>	<b>21000000</b>	<b>253669085</b>	<b>24.88</b>	<b>43669085</b>	<b>322804878</b>	<b>366473963</b>	<b>24.47</b>	<b>0.41</b>
(B)	<b>PUBLIC SHAREHOLDING</b>									
-1	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0	0	0	0	0	0
(b)	Financial Institutions /Banks	34269682	134000	34403682	3.37	1500000	75134000	76634000	5.12	-1.75
(c)	Central Government / State Government(s)	0	0	0	0	0	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0	0	0	0	0	0
(e)	Insurance Companies	0	0	0	0	0	0	0	0	0
(f)	Foreign Institutional Investors	100764037	0	100764037	9.88	87647127	0	87647127	5.85	4.03
(g)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
(h)	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(i)	Others	0	0	0	0	0	0	0	0	0
	<b>Sub-Total B(1) :</b>	<b>135033719</b>	<b>134000</b>	<b>135167719</b>	<b>13.26</b>	<b>89147127</b>	<b>75134000</b>	<b>164281127</b>	<b>8.76</b>	<b>4.5</b>
-2	NON-INSTITUTIONS									
(a)	Bodies Corporate	57657175	7000	57664175	5.65	63741787	7000	63748787	4.26	1.39
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	242090770	2374611	244465381	23.97	249600819	292375707	541976526	36.19	-12.2
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	206812178	768000	207580178	20.36	253870479	768000	254638479	17.00	3.36
(c)	Others									
	CLEARING MEMBERS	3156824	0	3156824	0.31	1466126	0	1466126	0.10	0.21
	FOREIGN BODIES	30282786	0	30282786	2.97	30282786	0	30282786	2.02	0.95
	FOREIGN COMPANIES	33416325	0	33416325	3.28	33416325	0	33416325	2.23	1.05
	NBFC	161700	0	161700	0.02	253660	0	253660	0.02	0.00
	NON RESIDENT INDIANS	43615224	0	43615224	4.28	36984014	0	36984014	2.47	1.81
	<b>NRI NON-REPATRIATION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3922882</b>	<b>0</b>	<b>3922882</b>	<b>0.26</b>	<b>-0.26</b>
	TRUSTS	86251	0	86251	0.01	86851	0	86851	0.01	0.00
(d)	<b>Qualified Foreign Investor</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Sub-Total B(2) :</b>	<b>617279233</b>	<b>3149611</b>	<b>620428844</b>	<b>60.84</b>	<b>673625729</b>	<b>293150707</b>	<b>966776436</b>	<b>64.56</b>	<b>-3.72</b>
	<b>Total B=B(1)+B(2) :</b>	<b>752312952</b>	<b>3283611</b>	<b>755596563</b>	<b>74.1</b>	<b>762772856</b>	<b>368284707</b>	<b>1131057563</b>	<b>75.53</b>	<b>-1.43</b>
	<b>Total (A+B):</b>	<b>795982037</b>	<b>213283611</b>	<b>1009265648</b>	<b>98.97</b>	<b>806441941</b>	<b>691089585</b>	<b>1497531526</b>	<b>100</b>	<b>-1.03</b>
(C)	Shares held by custodians, against which									
-1	Promoter and Promoter Group									
-2	Public	10461000	0	10461000	1.03	0	0	0	0	1.03
	<b>GRAND TOTAL (A+B+C) :</b>	<b>806443037</b>	<b>213283611</b>	<b>1019726648</b>	<b>100</b>	<b>806441941</b>	<b>691089585</b>	<b>1497531526</b>	<b>100</b>	

**B) Shareholding of Promoter-**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	K S RAMAKRISHNA	25825790	2.53	0.98	25825790	1.72	0.67	0.74
2	SIMPLY CLASS FASHIONS PVT LTD	80634	0.01	0.00	80634	0.01	0.00	0.01
3	RHEA HOLDINGS PVT LTD	227708556	22.33	0.00	340513434	22.74	0.00	22.74
4	ANITHA KARUTURI	54105	0.01	0.00	54105	0.00	0.00	0.00
	<b>Total</b>	<b>43669085</b>	<b>24.88</b>	<b>0.98</b>	<b>366473963</b>	<b>24.47</b>	<b>0.67</b>	

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Shareholder's Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	<b>Rhea Holdings Private Limited</b>				
	At the Beginning of the year	227708556	22.3303526	227708556	15.2055935
	Increase during the year	112804878	11.0622664	340513434	22.7383149
	Decrease during the year	-	-	-	-
	At the end of the year	-	-	340513434	22.73
2	<b>Anitha Karuturi</b>				
	At the Beginning of the year	54105	0.00530583	54105	0.00361295
	Increase during the year	-	-	-	-
	Decrease during the year	-	-	-	-
	At the end of the year	-	-	54105	0.004
3	<b>K S RAMAKRISHNA</b>				
	At the Beginning of the year	25825790	2.53261892	25825790	1.72455735
	Increase during the year	-	-	-	-
	Decrease during the year	-	-	-	-
	At the end of the year	-	-	25825790	1.72
4	<b>SIMPLY CLASS FASHIONS PVT LTD</b>				
	At the Beginning of the year	80634	0.00790741	80634	0.00538446
	Increase during the year	-	-	-	-
	Decrease during the year	-	-	-	-
	At the end of the year	-	-	80634	0.00538446



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### D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Elara India Opportunities Fund Limited</b>				
	At the beginning of the year	61057000	5.99	61057000	4.08
	Bought during the year	-	-	-	-
	Sold during the year	12349759	1.21	48707241	3.25
	At the end of the year	-	-	48707241	3.25
2	<b>ICICI Bank Limited</b>				
	At the beginning of the year	32769682	3.21	32769682	2.19
	Bought during the year	-	-	-	-
	Sold during the year	32769682	3.21	0	0
	At the end of the year	-	-	-	-
3	<b>India Focus Cardinal Fund</b>				
	At the beginning of the year	28438631	2.79	28438631	1.90
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			28438631	1.90
4	<b>Tara India holdings a ltd</b>				
	At the beginning of the year	27208878	2.67	27208878	1.82
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			27208878	1.82
5	<b>Ajay bikram singh</b>				
	At the beginning of the year	19000000	1.86	19000000	1.27
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			19000000	1.27
6	<b>Maxworth Investment Limited</b>				
	At the beginning of the year	11875000	1.16	11875000	0.79
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			11875000	0.79
7	<b>Rays Global Limited</b>				
	At the beginning of the year	11875000	1.16	11875000	0.79
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			11875000	0.79
8	<b>Emerging India Focus Funds</b>				
	At the beginning of the year	9767151	0.96	9767151	0.65
	Bought during the year	-	-	-	-
	Sold during the year	567151	0.06	9200000	0.61
	At the end of the year			9200000	0.61
9	<b>SRY Crust Limited</b>				
	At the beginning of the year	9666325	0.95	9666325	0.65
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			9666325	0.65
10	<b>BENNETT, COLEMAN AND CO LTD</b>				
	At the beginning of the year	5279290	0.52	5279290	0.35
	Bought during the year	-	-	-	-
	Sold during the year	-	-	-	-
	At the end of the year			5279290	0.35

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each key Management Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sai Rama Krishna Karuturi	25825790	2.53	25825790	1.72
	At the beginning of the year	-	-	-	-
	Increase/ Decrease	-	-	-	-
	At the end of the year	-	-	25825790	1.72
2	Anitha Karuturi	54105	0.01	54105	0.00
	At the beginning of the year	-	-	-	-
	Increase/ Decrease	-	-	-	-
	At the end of the year	-	-	54105	0.003
3	Yeshoda Karuturi	-	-	-	-
	At the beginning of the year	-	-	-	-
	Increase/ Decrease	-	-	-	-
	At the end of the year	-	-	-	-
4	Mahendra Kumar Sunkara	417151	0.04	417151	0.03
	At the beginning of the year	-	-	-	-
	Increase/ Decrease	-	-	-	-
	At the end of the year	-	-	417151	0.03
5	Ashok Herur	1500000	0.15	1500000	0.10016484
	At the beginning of the year	-	-	-	-
	Increase/ Decrease	-	-	-	-
	At the end of the year	-	-	1500000	0.1
6	Sunil Gupta	117641	0.02	-	-
	At the beginning of the year	117641	0.02	-	-
	Increase/ Decrease	-83306	-0.01	117641	0.01
	At the end of the year	-	-	117641	0.01
7	Anantha Chandra Kanth Darshan	0	0	0	0
	At the beginning of the year	0	0	0	0
	Increase/ Decrease	0	0	0	0
	At the end of the year	0	0	0	0

**V) INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			
i) Principal Amount	13,510.54	26,954.54	40,465.08
ii) Interest due but not paid			
iii) Interest accrued but not due			
<b>Total (i+ii+iii)</b>	<b>13,510.54</b>	<b>26,954.54</b>	<b>40,465.08</b>
Change in Indebtedness during the financial year			
* Addition		-	
* Reduction	(9,036.68)	(25,738.29)	(34,774.97)
<b>Net Change</b>	<b>(9,036.68)</b>	<b>(25,738.29)</b>	<b>(34,774.97)</b>
Indebtedness at the end of the financial year			
i) Principal Amount	4,473.86	1,216.25	5,690.11
ii) Interest due but not paid			
iii) Interest accrued but not due			
<b>Total (i+ii+iii)</b>	<b>4,473.86</b>	<b>1,216.25</b>	<b>5,690.11</b>

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## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sai Ramakrishna Karuturi	Anitha Karuturi	
1	Gross salary	0	0	0
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	- as % of profit			
	- others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total (A)	0	0	0
	Ceiling as per the Act	0	0	0

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Ashok Herur	Mahendra Kumar Sunkara	M M Agarwal	Sunil Gupta	Ananth Chandra Kanth Darsha	
1.	<b>Independent Directors</b>						
	Fee for attending board committee meetings	5000	0	60000	20000	15000	100000
	Commission						
	Others, please specify						
	Total (1)	5000	0	60000	20000	15000	100000
2	<b>Other Non-Executive Directors</b>						
	Fee for attending board committee meetings						
	Commission						
	Others, please specify						
	Total (2)	0	0	0	0	0	0
	<b>Total (B)=(1+2)</b>	<b>5000</b>	<b>0</b>	<b>60000</b>	<b>20000</b>	<b>15000</b>	<b>100000</b>
	Total Managerial Remuneration	5000	0	60000	20000	15000	100000
	Overall Ceiling as per the Act						

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	0	800,000	0	800,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	- as % of profit				
	others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>800,000</b>	<b>0</b>	<b>800,000</b>



## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT NSE / BSE]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	--	Penalty as per Reg. 31 of LODR regulations 2015.	NSE / BSE	--
Punishment	0	-		-	-
<b>B. DIRECTORS</b>					
Penalty	0	--	--	--	--
Punishment	0	--	--	--	--
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	0	--	--	--	--
Punishment	0	--	--	--	--
Compounding	0	--	--	--	--

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Director

Date: 12.07.2017

Place: Bangalore

# Annual Report 2016-17

## ANNEXURE-B

### CORPORATE SOCIAL RESPONSIBILITY POLICY

1. Period for which CSR is being reported: From 1st April 2016 to 31st March, 2017.
2. Your Company may from time to time undertake any project, program and activity on one or more of the following areas:
  - Healthcare
  - Child education
  - Eradicating hunger & poverty
  - Women's empowerment
  - Environment protection
  - Contribution to funds set by the Central or State Government for the development and welfare of Scheduled Castes, Scheduled Tribes and minorities
  - Contribution to Prime Minister's National Relief Fund or any other fund set up by the Central Government
  - Any other area as may be prescribed by Schedule VII of the Act, as amended from time to time
3. The Composition of the CSR Committee:
  - Mr. Sai Ramakrishna Karuturi- Chairman
  - Ms. Anitha Karuturi- Member
  - Mr. Sunil Gupta- Member
4. Average Net Profits/(loss) of the Company for the last three financial years: Rs.(349.82) lakhs.
5. Prescribed CSR Expenditure: NIL
6. Responsibility Statement:

The CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

#### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Director

Date: 12.07.2017

Place: Bangalore



## ANNEXURE

Statement of Disclosure of Remuneration under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during FY 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2016-17 and comparison of the remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S. N	Name of the Director	Remuneration of Director / KMP for FY 2016-17 (in Rs)	Percentage increase in remuneration in FY 2016-17	Ratio of remuneration of each Director to median remuneration of the employee of the Company	Comparison of remuneration of KMP against the performance of the Company
	<b>Board of Directors</b>				
1	Sai Ramakrishna Karuturi -Chairman & M D	-	-	-	-
2	Anitha Karuturi - Wholetime Director	-	-	-	-
3	Ashok Herur -Independent Director	-	-	-	-
4	Mahendra Kumar Sunkara -Independent Director	-	-	-	-
	<b>Key Managerial Personnel other than Executive Directors</b>				

- Remuneration of Employees and KMPs does not include perquisite value of stock options exercised during the year 2016-17.
- 1. The percentage increase in the median remuneration of the employees in the financial year: There has been a increase of 8.36% in median remuneration of employees in FY 2016-17 as compared to FY 2015-16.
- 2. The number of permanent employees on the roll of the Company: There were 14 employees on the rolls of the Company as on March 31, 2017.
- 3. The explanation on the relationship between average increase in remuneration and Company performance: The revenue growth during FY 2016-17 over FY 2015-16 was -28.73 % and net profit growth was 108.28%. The average increase in the remuneration of employees excluding Key Managerial Personnel during FY 2016-17 was 8.36%.
- 4. a) Variation in the market capitalization: The market capitalization Rs 20,394.53 lakhs at March 31, 2016 and Rs 19,467.91 lakhs at March 31, 2017 i.e. decrease in 4.54%.
- b) Price earnings ratio: The price earnings ratio was 185.71 at March 31, 2017 as compared to (15.78) at March 31, 2016 i.e. a increase of 108.28%.
- c) Percentage increase in the market quotation of shares of the Company as compared to the rate of last public offer: The closing price of Company's equity shares on NSE and BSE as of March 31, 2017 was 1.30 and 1.28 respectively.
- 5. There is no increase in remuneration of Directors.



# Annual Report 2016-17

## ANNEXURE

### CEO & CFO CERTIFICATION

We, Sai Ramakrishna Karuturi, Chairman & Managing Director and Mrs. Anitha Karuturi, Whole time Director of the Company responsible for the finance functions certify that:

We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2017 and to the best of our knowledge and belief:

These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:

These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting standards, applicable laws and regulations.

To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2017 are fraudulent, illegal or violate the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.

Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

There has not been any significant change in internal control over financial reporting during the year under reference. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements and we are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

### **Declaration by the Board of Director Adherence to the code of conduct**

In accordance with reg. 17 (5) of the listing regulations, I here by confirm that, all the directors and senior management personnel of the company have affirmed to the code of conduct of Board of Directors as applicable to them for the financial year ending 31st March 2017.

**Place : Bangalore**  
**Date: 12th July ,2017**

**Anitha Karuturi**  
**Wholetime Director**

**Sai Ramakrishna Karuturi**  
**Chairman & Managing Director**

**Details pursuant to Section 129 of the Companies Act, 2013, relating to Subsidiary Companies 2016-17**

Particulars	Rs in Lacs															
	KFTPL	KFEPL	KFPL	KOL	EMPLC	KAPPLC	SBPLC	SPPLC	FZE	KL	RHL	SHL	YIL	KHL	KSL	Total
Capital	5.00	30.00	200.00	87,377.73	9,928.95	567.37	595.74	28.37	117.72	3.13	0.63	0.13	0.01	0.63	0.63	98,856.03
Reserve	(448.98)	(100.50)	(593.74)	85,533.86	(532.87)	(2,335.54)	(1,806.09)	(0.69)	42,804.84	5,669.10	103.33	1,658.32	754.59	(135.43)	(12.28)	130,557.91
Detail of Investment	-	-	-	13,144.18	1,161.57	-	-	-	-	-	-	-	1,973.52	-	-	16,279.27
Total Assets	4,137.08	0.09	940.83	353,523.54	43,454.55	24,882.02	14,974.00	367.12	76,410.50	9,874.12	1,403.73	3,017.07	1,973.52	17.77	3.32	534,979.26
Total Liabilities	4,137.08	0.09	940.83	353,523.54	43,454.55	24,882.02	14,974.00	367.12	76,410.50	9,874.12	1,403.73	3,017.07	1,973.52	17.77	3.32	534,979.26
Turnover	76.82	0.52	1,192.06	24,102.59	0.61	31.16	4.78	-	4,785.70	-	1,065.36	739.30	-	-	-	31,998.69
Profit Before Tax	0.21	(0.08)	(405.81)	10,211.83	(39.33)	(603.32)	(149.97)	(3.03)	1,604.03	(1,804.65)	146.16	103.61	(0.03)	(0.03)	(0.03)	9,059.54
Less: Provision for Tax	0.05	-	-	-	-	-	-	-	-	-	(43.85)	(31.08)	-	-	-	(74.88)
Profit After Tax	0.16	(0.08)	(405.81)	10,211.83	(39.33)	(603.32)	(149.97)	(3.03)	1,604.03	(1,804.65)	190.01	134.69	(0.03)	(0.03)	(0.03)	9,134.42
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

KFTPL	Karuturi Floritech Pvt Ltd	FZE	Flower Xpress FZE
KFEPL	Karuturi Flower Express Pvt Ltd	KL	Karuturi Ltd
KFPL	Karuturi Foods Pvt Ltd.	RHL	Rhea Holding Ltd
KOL	Karuturi Overseas Ltd	SHL	Surya Holding Ltd.
EMPLC	Ethiopian Meadows Plc	YIL	Yeshoda Investments Ltd.
KAPPLC	Karuturi Agro Product Plc	KHL	Karuturi Hospital Ltd.
SBPLC	Surya Blossoms Plc	KSL	Karuturi Sports Ltd.
SPPLC	Shiv Pack Plc		

Place: Bangalore

Date: 30th May, 2017

**Anitha Karuturi**

Wholetime Director

**Sai Ramakrishna Karuturi**

Director

# Annual Report 2016-17

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Karuturi Global Limited believes and practices Good Corporate Governance by ensuring integrity, fairness, transparency, equity, accountability and ethics in all its business dealings.

Corporate Governance refers to a combination of laws, regulations, procedures, Implicit rules and good corporate practices which ensure that a Company meets its obligations to optimize shareholders value and fulfil its responsibilities to the community, customers, employees, Government and other segments of society. Some of the important best practices of corporate governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

Your Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholder's wealth and at the same time protect the interests of all its shareholders while upholding the core values of excellence, integrity, responsibility, unity and understanding which are imperative to the Karuturi Group.

### a. BOARD OF DIRECTORS:

As on 31st March, 2017, the Board of the Company comprised of Seven Directors. The Company has an Executive Chairman and one Whole-time Director. The number of Non-Executive Directors being 4, all of them being independent Directors. The composition of the Board is in accordance with the Regulation 17 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Non-Executive Directors are eminent industrialists or/and professionals with rich experience in management, finance, Agriculture, law and banking.

Details of composition of the Board of Directors and their attendance at the Board Meetings and Annual General Meeting and their association with other companies as Directors and membership in other companies/committees are as follows:

Name of the Director	Category	No. of Board Meetings attended	Directorships in other Companies/ Firms	Attendance at previous AGM	Membership in other Companies/ Committees
Sai Ramakrishna Karuturi	Executive & Non Independent Director	5	8	Yes	0
Anantha Chandrakanth Darshan	Non Executive and Independent Director	5	0	No	0
Anitha Karuturi	Executive & Non Independent Director	5	8	Yes	0
Mahendra Kumar Sunkara	Non Executive and Independent Director	5	0	No	0
Sunil Gupta	Non Executive and Independent Director	5	1	Yes	0
Manmohan Agrawal (upto 28.11.2016)	Non Executive and Independent Director	3	8	No	0
Ashok Herur	Non Executive and Independent Director	1	0	No	0
Yeshoda Karuturi	Executive & Non Independent Director	0	1	No	0

### Number of shares and convertible instruments held by Non-executive Directors

No of shares held by non-executive directors as on 31/03/2017 are as below:

Name of Director	No of Shares
Anantha Chandrakanth Darshan	Nil
Mahendra Kumar Sunkara	417151
Sunil Gupta	117641
Ashok Herur	1500000

### b. DATES OF BOARD MEETINGS:

During the year under review 5 Board Meetings were held on the following dates:

28 May 2016, 12 August 2016, 10 September 2016, 24 November 2016, 14 February 2017.

### Formal Letter of Appointment to the Independent Directors

The Independent Directors have been familiarised with the Company, their roles and responsibilities in the Company, nature of the Industry in which the company operates, business model of the Company. The details of such familiarisation programme for Independent Directors are posted on the website of the Company [www.karuturi.com](http://www.karuturi.com).

### Separate Meeting of Independent Directors:

During the financial year 2016-17, the independent directors met separately on 14th February 2017.

## REPORT ON CORPORATE GOVERNANCE

### AUDIT COMMITTEE:

The Company has an independent Audit Committee in line with the Regulation 18 of the and Section 177 of the Companies Act, 2013.

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

#### The role of the Committee includes the following:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing the Company's financial and risk management policies;
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management and internal auditors,
  - The adequacy of internal control systems;
  - Internal audit function;
  - Internal audit scope, coverage and frequency;
  - Reports of internal audit for any significant findings, including matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and follow-up thereon
- Reviewing with the management and external auditors,
  - Nature and scope of audit
  - Any areas of concern and comments contained in their management letter
  - And the financial statements prior to endorsement by the Board;
  - Compliance with Stock Exchange and legal requirements concerning financial statements
  - Related party transactions
  - Report of the Directors & Management Discussion and Analysis
- Review of the financial statements of unlisted subsidiary companies
- Looking into the reasons for substantial defaults, if any, in payment to Shareholders (in case of non- payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

The minutes of the Audit Committee meetings are placed before the Board of Directors in the subsequent Board Meeting.

During the year 2016-17, the Audit Committee met on five times i.e. 28th May 2016, 12th August 2016, 10th September 2016, 24th November 2016 and 14th February 2017

#### The constitution of Audit Committee and attendance of the Members for the year 2016-17 is as under:

Name of the Member	No of Meetings attended out of five meeting
Mr.Ashok Herur	1
Mr. Manmohan Agrawal (resigned on 28th November) (Chairperson)	3
Mr.Mahendra Kumar Sunkara (Member)	5
Sunil Gupta (Member)	5
Anantha Chandrakanth Darshan (Member)	5

The Statutory Auditor, Head of Finance and Managing Director are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the Secretary to the Committee.

### NOMINATION AND REMUNERATION COMMITTEE:

The Company has constituted Nomination and Remuneration Committee to review periodically the managerial Remuneration and make Proper recommendations.

In terms of the revised Regulation 19 and Companies Act, 2013, the Board has approved a Policy on Nomination, Remuneration and Board Diversity for Directors, KMPs and other Senior Management Personnel. The Company's remuneration policy is directed towards rewarding performance, based on review of achievements periodically. The

## Annual Report 2016-17

Company affirms that the remuneration paid to the Directors is as per terms laid out in its Nomination, Remuneration and Board Diversity Policy.

Performance evaluation is based on financial performance, market performance, etc of the company.

The said committee constitutes of four non-executive in terms of Regulation 19 and companies Act, 2013 with regard to having four Non Executive Directors in the committee

Name of the Member	No of Meetings attended out of four meeting
Mr. Ashok Herur(Member)	4
Mr.Mahendra Kumar Sunkara (Member)	4
Sunil Gupta(Chairperson)	4
Anantha Chandrakanth Darshan(Member)	4
ManMohan Agrawal	3

### Directors' Remuneration

The details of the remuneration of Directors during FY 2016-17 are given below:

#### Amount

Name of Director	Sitting fees	Salary and allowances	Performance linked incentives	Perquisites	Commission	Total(Rs)
<b>Executive Directors</b>						
Mr.Sai RamaKrishna Karuturi	0	0	0	0	0	0
Ms.Anitha Karuturi	0	0	0	0	0	0
<b>Non Executive Director</b>						
Mr.Manmohan Agarwal	60000	0	0	0	0	60000
Mr.Mahendra Kumar Sunkara	0	0	0	0	0	0
Mr. Sunil Gupta	25000	0	0	0	0	25000
Mr. Anantha ChandraKanth Darshan	25000	0	0	0	0	25000
Mr. Ashok Herur						

### COMMITTEE OF DIRECTORS

The Company has constituted Committee of Directors to take decisions on the normal course of business. The Said committee consists of Directors i.e Mr. Sai Ramakrishna Karuturi, and Mrs. Anitha Karuturi

### GENERAL BODY MEETINGS:

Details of location and time of holding the last 3AGMs are as follows: Year Date and Time Venue

Year	Date and Time	Venue
19th AGM	20-Mar-2014 at 11.00AM	Wadiyar Hall, Century Club, No.1, Seshadri Road, Bangalore-560001
20th AGM	30-Sept-2015 at 11.00AM	Wadiyar Hall, Century Club, No.1, Seshadri, Road, Bangalore-560001
21st AGM	29-Sept-2016at11.00AM	Wadiyar Hall, Century Club, No.1, Seshadri Road, Bangalore-560001

### DETAILS OF SPECIAL RESOLUTIONS PASSED:

During the 19th, 20th, and 21st Annual General Meeting of the Company, following are the special resolutions passed:

- Increase in Authorised Capital of the company
- Alteration of Capital Clause of Memorandum of Association of the company
- Alteration of Articles of Association of the company
- Preferential Allotment of convertible warrants
- Preferential issue of fully convertible debentures
- To Authorize Board of Directors to enter into related party transaction
- To appoint Mr. Sai Rama Krishna Karuturi as managing Director of the company from 1/10/2013 to 30/09/2018
- To appoint Ms. Anitha Karuturi as whole time Director of the company from 1/10/2013 to 30/09/2018.
- Ratification of AGM resolution passed for allotment of fully convertible debentures.

## MEANS OF COMMUNICATION:

Whether half-yearly reports are sent to each required household of shareholders?	No, the financial results are published in the Newspapers, as under the Listing Regulations.
Website, where results are displayed	The results are displayed on www.karuturi.com
Whether it also displays official news releases	Yes
Website for investor complaints investorrelation@karuturi.com	The Company has created an exclusive ID for this purpose. SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.
Presentations to institutional investors or analysts	Presentation made to institutional investor will be made available on website.
Newspaper in which results are normally published	The quarterly results were published in The Economic Times and Sanjay Vani. The audited financial results for the year ended 31-March-2017 were published in The Economic Times and Sanjay Vani.

The Quarterly/ Half Yearly/ Annual results of the Company are published in leading dailies of the country and also hosted on the Company's website www.karuturi.com. The same are available on the respective web sites of NSE and BSE. Periodic information notices on the latest developments in the Company are circulated among the shareholders of the Company through Stock Exchange and Company web sites. The Company also communicates with the Shareholders through annual general meetings and extra ordinary general meetings and also through postal ballots.

## STAKEHOLDERS' GRIEVANCES COMMITTEE:

The Stakeholder's Investors' Grievances Committee comprises of two Directors, Mr Mahendra Kumar Sunkara, Non-Executive Director and Mrs. Anitha Karuturi, who is an Executive Director. (Check the committee member name in Corporate Governance report)

The Company has a Shareholder's/Investors' Grievance Committee comprising of two Directors and Chairman is an Independent, Non- Executive Director. The Committee looks into redressing the grievances of shareholders and investors like transfer of shares, non receipt of balance sheet, non receipt of declared dividend and related matters.

There were no pending investor complaints at the beginning of the year. During the year 2016-17, the Company received 17 investor complaints, which have been attended to, and no complaints remain unresolved at the end of the year.

Mrs. Anitha Karuturi, Executive Director is also the Compliance Officer of the Company.

The Committee acts in close liaison with its Share Transfer Agents and Registrars.

### Details of Investor Grievances received and resolved during the year are as under:

Sl. No.	Particulars	Pending As On 31.03.2017
1	Complaint Outstanding as on 01st April 2016	0
2	Complaints received during the year 2016-2017	17
3	Complaints resolved during the year 2016-2017	17
4	Complaints not solved to the satisfaction of shareholder	0
5	No of Pending Compliant	0

Power to process the share transfer requests and other grievances of the share holders was allocated to certain key personnel in Karvy Computershare Pvt Ltd, Hyderabad and also in the Company, so as to enable the requests to be processed at the earliest which might otherwise be delayed due to the absence of any committee members.

Periodically, audits are carried out at the office of the Share Transfer Agents by independent Practicing Company Secretary and requisite Certificates/Reports are obtained and furnished to the Stock Exchanges.

## 7. CODE FOR PREVENTION OF INSIDER TRADING

The Company has adopted a code of conduct for Prevention of Insider Trading in the shares of the Company. The code, inter-alia, prohibits purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

## 8. CEO/CFO CERTIFICATION

The CEO/CFO have certified to the Board in accordance with Regulation 17(8) of the listing Listing Regulation pertaining to CEO/CFO certification for the financial year ended 31st March 2017.



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## 9. RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practicing Company Secretary carries out quarterly Reconciliation of Share Capital audits to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## 10. COMPLIANCE

The certificate regarding compliance of the conditions of corporate governance obtained from Sadashiv Iranna, Chartered Accountants.

## 11. GENERAL SHAREHOLDERS' INFORMATION

- i) AGM Date: 27th September, 2017  
Time: 11:00 AM  
Venue: Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore- 560001
- ii) Financial Year ending 31st March 2017.
- iii) Listing of Equity Shares on Stock Exchanges: BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-01; National Stock Exchange of India Ltd, Exchange Plaza, C-1, Block-G, Bandra- Kurla Complex, Bandra(E), Mumbai-51.
- iv) Listing Fees: Listing fees as prescribed have been paid to the stock exchange up to 31st March, 2017.
- iii) Date of dispatch of Annual Reports : On or before 30th August 2017.
- iv) Book Closure dates: 19th September 2017 to 27th September 2017 (both days inclusive).
- v) No Extra -ordinary General Meeting of the shareholders was held during the financial year ended 2016-2017.
- vi) No Postal Ballot was conducted during the financial year ended 2016-2017.
- vii) As on date of the report No special resolutions are proposed to be conducted through postal ballot.
- viii) Dividend Payment date: The Board has not proposed any dividend during the year under review.

## LISTING ON STOCK EXCHANGES:

The Shares of the Company are listed on the Bombay Stock Exchange Ltd, Mumbai, National Stock Exchange of India Ltd, Mumbai.

## DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2017:

### KARUTURI GLOBAL LIMITED

#### Distribution Schedule As On 31/03/2017

S. No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	0 - 5000	58800	84.05	64242885	4.290
2	5001- 10000	4670	6.68	37169812	2.482
3	10001- 20000	2855	4.08	43089156	2.877
4	20001- 30000	1094	1.56	27773037	1.855
5	30001- 40000	511	0.73	18371308	1.227
6	40001- 50000	469	0.67	22159294	1.480
7	50001-100000	742	1.06	56242002	3.756
8	100001& Above	819	1.17	1228484032	82.03
	<b>Total:</b>	<b>69960</b>	<b>100</b>	<b>1497531526</b>	<b>100</b>

## Shareholding pattern as on 31.03.2017:

S.No	Description	Cases	Shares	% Equity
1	CLEARING MEMBERS	63	1466126	0.10
2	EMPLOYEEES	5	76000	0.01
3	FOREIGN BODIES	2	30282786	2.02
4	FOREIGN COMPANIES	3	33416325	2.23
5	FOREIGN INSTITUTIONAL INVESTOR	1	28438631	1.90
6	FOREIGN PORTFOLIO INVESTORS	5	59208496	3.95
7	H.U.F	1722	22672891	1.51
8	FINANCIAL INSTITUTIONS	2	76500000	5.11
9	BODIES CORPORATES	833	63748787	4.26
10	NBFC	8	253660	0.02
11	NON RESIDENT INDIANS	507	36984014	2.47
12	NRI NON-REPATRIATION	191	3922882	0.26
13	PROMOTERS GROUP	3	340594068	22.74
14	PROMOTERS & DIRECTORS	3	25879895	1.73
15	RESIDENT INDIVIDUALS	66608	773866114	51.68
16	STATE FINANCIAL CORPORATIONS	1	134000	0.01
17	TRUSTS	3	86851	0.01
	<b>Total:</b>	<b>69960</b>	<b>1497531526</b>	<b>100.00</b>



## Stock Code

Equity Share – Physical Form – BSE Limited – 531687

National Stock Exchange of India Limited – KGL

Equity Shares – Demat form – NSDL/CDSL – ISIN No : INE 299C01024

The aggregate Non-Promoter/ Public Shareholding of the Company as at 31st March 2017 is shown below:

No of Shares: 113,10,57,563

Percentage of the shareholding : 75.53

## SHARE PRICE MOVEMENTS:

The monthly high and low quotations on Bombay Stock Exchange and National Stock Exchange Ltd are as follows:

Month	BSE		NSE		Sensex	Nifty
	High Price	Low Price	High Price	Low Price		
Apr-16	2.34	1.65	1.8	1.7	25607	7850
May-16	2.00	1.68	1.95	1.85	26668	8160
Jun-16	2.10	1.43	2.5	2.35	27000	8288
Jul-16	1.73	1.43	2.85	2.65	28052	8639
Aug-16	1.70	1.40	4	3.35	28452	8786
Sep-16	1.53	1.13	3	2.8	27866	8611
Oct-16	2.12	1.17	2.65	2.5	27930	8626
Nov-16	2.06	1.37	2.4	2.25	26653	8225
Dec-16	2.00	1.40	2.2	2.05	26626	8186
Jan-17	1.89	1.43	2.1	1.9	27656	8561
Feb-17	1.68	1.33	1.9	1.7	28743	8880
Mar-17	1.47	1.20	1.75	1.7	29621	9174

## FACILITIES/PLANT LOCATION

### India :

- |   |  |
|---|--|
| 1. 95/1, Naranahalli Village,<br>Doddabelavangala, Doddaballapur,<br>Bangalore District – 561 203 | 2. 66 & 73/2<br>Beledhara Village Tumkur- Madhugiri<br>Road Tumkur District - 572106 |
|---|--|

### Overseas:

- |                         |                       |                      |
|-------------------------|-----------------------|----------------------|
| 1. Wollisso<br>Ethiopia | 2. Holeta<br>Ethiopia |                      |
| 3. Gambella<br>Ethiopia | 4. Bako<br>Ethiopia   | 5. Naivasha<br>Kenya |

### Address for Correspondence: Registered Office

No.9/56, 1st Cross, 8th Main, Upper Palace Orchards, Sadashivanagar, Bangalore-560080, India

### Corporate Office

No.204, Embassy Center, 11 Crescent Road, Bangalore – 560001, India. Ph : 080 40809000

Email: investorrelations@karuturi.com

### Registrar & Transfer Agents

Karvy Computershare (P) Limited, 17 -24 Vithal Rao Nagar, Madhapur

Hyderabad 500 081

P : +91 040 44655124 || F : +91 40 23420814, Email: krishnan.s@karvy.com

### Name of the contact Person:

Ms. Rajitha, Senior Manager

Email: rajitha.cholleti@karvy.com

### Company Secretary

Ms. Rashi Singhal – Company Secretary

Email: cs@karuturi.com

Tel No: 080-23509423

## ix) Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid/unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF). Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends are due for transfer to IEPF.

## Annual Report 2016-17

Year	Type of dividend	Dividend per share	Date of declaration of Dividend	Due date for transfer to IEPF
2008-2009	Dividend Final	Re 0.10	02-Nov-09	31-Oct-16
2009-2010	Dividend Final	Re 0.10	01-Nov-10	30-Oct-17
2010-2011	Dividend Final	Re 0.10	30-Oct-11	28-Oct-18

Members who have so far not encashed their dividend warrants are requested to write to the Company / Registrar to claim the same, to avoid transfer to IEPF. Members are advised that no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

### Service of documents through electronic mode:

As a part of Green initiative, the members who wish to receive documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc., through e-mail, may kindly intimate their e-mail address to Company/Registrars (for shares held in physical form) and Depository Participants (for shares held in dematerialized form).

### Other useful information to shareholders

- Equity Shares of the Company are under compulsory demat trading by all investors, with effect from 21st March 2000. Considering the advantages of scripless trading, shareholders are requested in their own interest to consider dematerialisation of their shareholding so as to avoid inconvenience in future.
  - Shareholders/Beneficial Owners are requested to quote their Registered Folio No./ DP & Client ID Nos. as the case may be, in all correspondence with the RTA/Company. The Company has also designated an exclusive E-mail ID: investors@karuturi.com for effective investors' services where they can complaint / query and request for speedy and prompt redressal.
  - Shareholders holding shares in physical form are requested to notify to the RTA/ Company, change in their address/Pin Code number with proof of address and Bank Account details promptly by written request under the signatures of sole/first joint holder. Shareholders may note that for transfer of shares held in physical form, as per recent circular issued by SEBI, the transferee is required to furnish copy of their PAN card to the Company/RTAs for registration of transfer of shares.
  - Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney, etc., directly to their Depository Participants only.
  - Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their Depository Participants in respect of shares held in dematerialized form:
    - Indian address for sending all communications, if not provided so far;
    - Change in their residential status on return to India for permanent settlement;
    - Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and – E-mail ID and Fax No(s), if any.
  - In case of loss/misplacement of shares, investors should immediately lodge FIR/ Complaint with the Police and inform to the Company along with original or certified copy of FIR/acknowledged copy of the Police complaint.
  - For expeditious transfer of shares, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
  - Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate the possibility of difference in signature at a later date.
  - Shareholders of the Company, who have multiple accounts in identical names(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s), are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
  - Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
  - Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.
- x) The Practicing Chartered Accountant's certificate on Corporate Governance as required by Clause 49 of the listing agreement is given as Annexure to this report.

### Disclosures

#### i) Related Party Transactions

The company has complied with the following corporate governance requirement specified in the Regulations 17 to 27 and clause (b) to (i) of sub-regulations (2) of regulation 46 of the listing Regulations

The company has complied with the corporate Governance requirements Specified in Regulation 17 (Board of Directors) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 18 (Audit Committee) of the Listing Regulations;



The company has complied with the corporate Governance requirements Specified in Regulation 19 (Nomination and Remuneration Committee) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 20 (Stakeholder Relationship Committee) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 22 (Vigil Mechanism) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 23 (Related Party Transaction) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 24 (Corporate Governance requirement with respect to subsidiary Companies) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 25 (Independent Directors) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 26 (Obligation with respect to Directors and Senior Management) of the Listing Regulations;

The company has complied with the corporate Governance requirements Specified in Regulation 27 (other Corporate Governance Requirements) of the Listing Regulations;

The company has Complied with clause (b) to (i) of sub-regulations (2) of Regulation 46 of the Listing Regulations.

# Annual Report 2016-17

## Auditor's Certificate on Corporate Governance

To

**The Members**

**Karuturi Global Limited**

1. We, G G Patil & Co. Chartered Accountants, the Statutory Auditors of Karuturi Global Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

### **Managements' Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### **Auditors' Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have carried out an examination of the relevant records of the Company in accordance with the guidance note on certification of Corporate Governance issued by Chartered Accountants of India (the ICAI), the standards on Auditing specified under section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this Certificate as per the guidance Notes on reports or Certificates for special purposes issued by ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2017.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restrictions on use:

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purposes.

**Place : Bangalore**  
**Date : 12th July 2017**

**Mr Iranna C Sadashiv**  
**Practicing Chartered Accountant**  
**M.No 225513**



## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

### **The Members, KARUTURI GLOBAL LIMITED**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Karuturi Global Limited (CIN: L01122KA1994PLC016834) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (I) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.
- (vii) The other general laws as may be applicable to the Company including the following:
  - (1) Employer/Employee Related laws & Rules:
    - i. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
    - ii. The Apprentices Act, 1961
    - iii. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
    - iv. The Employees State Insurance Act, 1948
    - v. The Workmen's Compensation Act, 1923
    - vi. The Maternity Benefits Act, 1961
    - vii. The Payment of Gratuity Act, 1972
    - viii. The Payment of Bonus Act, 1965
    - ix. The Trade Unions Act, 1926

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- x. The Payment of Wages Act, 1936
- xi. The Minimum Wages Act, 1948
- xii. The Child Labour (Regulation & Abolition) Act, 1970
- xiii. The Contract Labour (Regulation & Abolition) Act, 1970
- xiv. The Industrial Employment (Standing Orders) Act, 1946
- xv. Equal Remuneration Act, 1976
- xvi. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xvii. The Karnataka Shops & Establishments Act, 1961
- xviii. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xix. The Labour Welfare Fund Act, 1965
- xx. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxi. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rules is not included here]

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2.

I further state that during the period under review and based on my verification of the records maintained by the Company and also on the review of compliance reports/statements by respective department heads taken on record by the Board of Directors of the Company, in my opinion, adequate systems and process and control mechanism exist in the Company to monitor and ensure compliance with applicable labour laws and other applicable laws as mentioned above. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, Labour Laws were addressed suitably by the Management. Following observations have been brought before the shareholders which are treated as material in nature:

- a) Section 203 with regard to appointment of Chief Financial Officer (CFO) is not complied with.
- b) The newspaper advertisements of the Board Meeting notice were not published.
- c) RBI filings including ECB 2 returns were not available.
- d) The Company has not filed the requisite returns for the allotment of certain Securities as required to be filed under Section 42 and 62 of the Act.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditors as the case may be.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the year, the Company has not passed any resolutions through postal ballot.

Place: Bangalore

Date: 12.07.2017

**(Vijayakrishna KT)**

FCS No.: 1788

C P No.: 980



Note: This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

**'Annexure'**

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of Financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bangalore

Date: 12.07.2017

**(Vijayakrishna KT)**

FCS No.: 1788

C P No.: 980



# Annual Report 2016-17

To  
**The Board of Directors of Karuturi Global Limited**

## **Report on the Financial Statements**

We have audited the accompanying Standalone Ind AS financial statements of **KARUTURI GLOBAL LIMITED** ("The Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the 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) Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Standalone financial statements

## **Basis for Qualified Opinion**

During the year, the Company has made sales amounting to Rs.1015.58 Lakhs and Purchasing amounting to Rs.871.30 Lakhs, Wherein we observed that Existing Controls and Documentary evidences are not Sufficient for us to Satisfy ourself that these figures are free from Misstatement and also unable to comment its impact on Statement of Profit and Loss for the year.

Attention is invited to Note No: 2.3(B) Unsecured Loans of the Financial Statements, Company has made Repayment of FCCB (Foreign Currency Convertible Bonds) during the year by allotting Shares to the Bondholders as per the agreed value. Attention is drawn on crossing over the Deadline for Repayment as fixed by RBI, which company has not complied.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Profit/Loss and its Cash Flow for the year ended on that date.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss (Including other comprehensive income) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid Standalone Ind AS financial statements comply with the 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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**".
  - 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 standalone Ind AS 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.
  - h. The Company has provided requisite disclosures in its Standalone Ind AS Financial Statements with regard to Specified Bank notes held and transacted during the period 08.11.2016 to 30.12.2016 , and these are in Accordance with the Books of Accounts Maintained by Company.

For and on behalf of  
**G G Patil & Co**  
Chartered Accountants  
FRN: 008798S

**Iranna C Sadashiv**  
Partner  
Membership number:225513  
Place: Bangalore  
Date: 30.05.2017

# Annual Report 2016-17

## Annexure to Independent Auditor's Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- 1) (a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As per the explanation given to us, The Fixed Assets have not been physically verified by the management in a phased manner, designed to cover all the items over a period of three years. In our opinion, the system of Fixed Asset Verification adopted is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - (c) The title deeds of immovable properties are held in the name of the company, except Land and Car are not held in the name of company
- 2) (a) The Management has conducted the physical verification of inventory at reasonable intervals. Further we were told not make physical verification of stock due to non-existence.
  - (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material. The company is maintaining certain records of inventory. In our opinion such records need improvements to ensure controls.
- 3) As per the explanation given to us Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) 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 Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
  - During the year company has allotted shares to the Share warrants which were issued during 2015, which are in compliance of 18 months duration.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) a- According to information and explanations given to us, the undisputed dues towards TDS, Sales Tax, Wealth Tax, Provident Fund, ESI and service tax have not been regularly deposited.
  - b- According to the information and explanations given to us, the undisputed dues towards TDS, Sales Tax, Wealth Tax Provident Fund, ESI and service tax which are outstanding for more than 6 months from the date they have become due are as follows:

Name of the statute	Nature of the dues	Amount (in Lakhs)	Period to which the amount relates
Income Tax Act 1961	Tax Deducted at Source	240.13	AY 2015-16 and prior to that
Karnataka VAT Act 2003	Value Added Tax	2.49	AY 2013-14
Karnataka VAT Act 2003	Service Tax	1.71	AY 2014-15
Finance Act, 1994	Service Tax	0.21	AY 2010-11
Finance Act, 1994	Service Tax	2.27	AY 2010-11
Finance Act, 1994	Service Tax	37.42	AY 2011-12
Finance Act, 1994	Service Tax	0.09	AY 2011-12
Finance Act, 1994	Tax Deducted at Source	2.27	AY 2012-13
Finance Act, 1994	Service Tax	1.05	AY 2014-15
Income Tax Act 1961	Tax Deducted at Source	15.06	AY 2016-17
Finance Act, 1994	Service Tax	0.69	AY 2015-16
Karnataka VAT Act, 2003	Value Added Tax	0.63	AY 2015-16
Finance Act, 1994	Service Tax	0.50	AY 2016-17

- c According to the information and explanations given to us, the company has defaulted in payment of Tax Deducted at Source on the provision of interest on FCCB during the assessment years 2013-14 to 2014-15 amounts to Rs. 656.62 Lakhs. Company has not provided for interest during the year.
- d According to the information and explanation given to us, and based on the records of the company, the dues outstanding in respect of income tax, sales tax, wealth tax, service tax and other statutory duties on account of any dispute are as follows:

Name of the Statute	Nature of the dues	Amount	Period to which the amount relates	Pending before the Authority
Finance Act, 1994	Service Tax	172.62	A.Y 2006-07	Commissioner/CESTAT(Appeals) Commissioner (Appeals) Bangalore Income Tax Appellate Tribunal, Bangalore
Income Tax Act 1961	Income Tax	863.44	A.Y 2005-06	
Income Tax Act 1961	Income Tax	792.72	A.Y 2006-07	
Income Tax Act 1961	Income Tax	1,850.91	A.Y 2007-08	Commissioner (Appeals) Bangalore Income Tax Appellate Tribunal, Bangalore and Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	19,303.07	A.Y 2008-09	
Income Tax Act 1961	Income Tax	3,254.27	A.Y 2009-10	Commissioner (Appeals) Bangalore Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	4,830.70	A.Y 2010-11	
Income Tax Act 1961	Income Tax	3,610.04	A.Y 2011-12	Dispute Resolution Panel Joint Commissioner of Commercial Taxes, Audit-13, VAT DVO -1
Karnataka Tax on entry of goods act, 1979	Entry tax	0.97	A.Y 2005-06	
Karnataka Tax on entry of goods act, 1979	Entry tax	3.87	A.Y 2007-08	Joint Commissioner of Commercial Taxes, Audit-13, VAT DVO -1 Joint Commissioner of Commercial Taxes, Audit-13, VAT DVO -1
Karnataka Tax on entry of goods act, 1979	Entry tax	1.57	A.Y 2008-09	

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment or private placement of shares. The requirement of Section 42 of Companies Act, 2013 have been complied with and the amount raised has been used for the purpose for which the funds were raised
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of  
**GG Patil & Co**  
Chartered Accountants  
FRN: 008798s

**Iranna C Sadashiv**  
Partner  
Membership number:225513  
Place: Bangalore  
Date: 30.05.2017

# Annual Report 2016-17

## **“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Ind Financial Statements of KARUTURI GLOBAL LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **KARUTURI GLOBAL LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.”] These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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 authorisations 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.

#### **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.

#### **Basis for Qualified Opinion**

The standard operating procedures and internal controls procedures are not established in the area of Sales, Purchases and related party transactions as evidenced in the basis of qualified opinion paragraph in audit report and in the annexure A. The lack of documents and controls over Sales and Purchases were significant and deviations were observed,

#### **Opinion**

In our opinion, the Company has, in all material respects, except to the matters mentioned in the Basis for Qualified Opinion Paragraph, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 and on behalf of  
**G G Patil & Co**  
Chartered Accountants  
FRN: 008798s

**Iranna C Sadashiv**  
Partner  
Membership number: 225513  
Place: Bangalore  
Date: 30.05.2017



## Balance Sheet as at 31st March 2017

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	31.03.2017	31.03.2016	1.04.2015
<b>Assets</b>				
<b>Non Current Assets</b>				
<b>Fixed Assets</b>				
- Tangible Assets	2.11	749.61	824.17	895.91
- Intangible Assets	2.11	0.31	0.32	0.69
Non Current Investments	2.12	63,592.22	63,611.10	58,670.35
Deferred Tax Assets (net)	2.4	1,067.36	683.02	770.58
Long Term Loans and Advances	2.13	35,976.61	62,150.72	59,252.59
Other Non Current Assets	2.14	9,989.61	15,092.00	13,641.14
<b>Current Assets</b>				
Inventories	2.15	92.42	102.76	128.37
Trade Receivables	2.16	3,096.35	2,687.50	1,977.37
Cash and Bank balances	2.17	54.54	51.35	66.88
Short-Term Loan and Advances	2.18	45,229.29	12,599.81	10,096.31
Other Current Assets	2.19	71.66	68.28	73.08
<b>Total</b>		<b>159,919.99</b>	<b>157,871.04</b>	<b>145,573.28</b>
<b>Equity and Liabilities</b>				
<b>Shareholders' Funds</b>				
Share Capital	2.1	14,975.32	10,197.27	8,097.27
Reserves and Surplus	2.2	135,422.92	95,358.51	90,568.82
<b>Non-Current Liabilities</b>				
Long-Term borrowings	2.3	46.10	25,732.34	27,194.30
Long Term Provisions	2.6	8.29	8.39	8.49
<b>Current Liabilities</b>				
Short-Term Borrowings	2.7	7,670.77	7,804.79	1,814.48
Trade Payables	2.8	918.77	1,047.15	498.34
Other Current Liabilities	2.9	695.59	17,548.18	17,217.01
Short Term Provisions	2.10	182.24	174.40	174.56
<b>Total</b>		<b>159,919.99</b>	<b>157,871.04</b>	<b>145,573.28</b>

Significant Accounting Policies and Other Notes

Forming Integral part of Financials 1&3

Contingent Liabilities and Capital Commitments 3.2

As Per our Report of even date attached

**For G. G Patil & Co.,**

Chartered Accountants

Firm Regn. No. 008798S

**For and on behalf of Board**

**Iranna C Sadashiv**

Partner

M. No. 225513

Place: Bangalore

Date: 30/05/2017

**Sai Ramakrishna Karuturi Anitha Karuturi**

Managing Director

Director

Place: Bangalore

Date: 30/05/2017

## Annual Report 2016-17

### Statement of Profit and loss account for the year ended 31.03.2017

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending 31.03.2017	Year Ending 31.03.2016
<b>Income</b>			
Revenue	2.20	1,015.58	1,424.02
Other Income	2.21	84.81	1,288.79
<b>Total Revenue</b>		<b>1,100.38</b>	<b>2,712.81</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.22	30.75	40.78
Purchase of Stock-in Trade	2.23	871.30	1,182.11
Cost of services rendered	-	-	-
(Increase)/Decrease in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade	2.24	9.88	23.78
Employee Benefits Expense	2.25	77.91	92.52
Finance Costs	2.26	125.24	3,852.88
Depreciation and Amortisation Expenses	2.11	74.56	53.85
Other Expenses	2.27	188.17	145.16
<b>Total Expenses</b>		<b>1,377.82</b>	<b>5,391.09</b>
<b>Profit / (Loss) before exceptional and tax</b>		<b>(277.43)</b>	<b>(2,678.29)</b>
Exceptional items	2.29	-	1,477.24
<b>Profit / (Loss) before prior period &amp; tax</b>		<b>(277.43)</b>	<b>(1,201.05)</b>
Prior period items	2.28	0.00	0.00
<b>Profit / (Loss) Before Tax</b>		<b>(277.43)</b>	<b>(1,201.05)</b>
Current Tax	-	-	-
Deferred Tax Charge / (Credit)		(384.34)	87.55
<b>Profit / (Loss) After Tax</b>		<b>106.91</b>	<b>(1,288.60)</b>
Other Comprehensive Income		0.11	3.18
<b>Profit / (Loss) from after tax</b>		<b>107.02</b>	<b>(1,285.42)</b>

Significant Accounting Policies and Other Notes Forming Integral part of Financials

1&3

As Per our Report of even date attached

**For G. G Patil & Co.,**

Chartered Accountants

Firm Regn. No. 008798S

**Iranna C Sadashiv**

Partner

M. No. 225513

Place: Bangalore

Date: 30/05/2017

**For and on behalf of Board**

**Sai Ramakrishna Karuturi Anitha Karuturi**

Managing Director

Director

Place: Bangalore

Date: 30/05/2017





## Cash Flow Statement For The Year Ended 31st March 2017.

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	31.03.2017	31.03.2016
<b>A. Cash Flows from Operating Activities</b>		
Profit before tax	(277.43)	(1,200.30)
Net Cash Adjustment to reconcile profit before tax to net cash Flows		
Depreciation /amortization on continuing operation	74.56	53.85
Exceptional items	-	(1,488.85)
Write back of ESOP's	(29.46)	
Interest expense	125.24	3,852.88
Interest Income	(4.02)	(12.60)
Sundry Balance Written Off	(9.77)	(1.59)
Provision for Bad Debts	-	0.01
Dividend Income	0.52	(12.89)
Written back of ESOP	-	4.44
<b>Operating Profit Before Working Capital Changes</b>	<b>(120.36)</b>	<b>1,194.95</b>
Movement In working Capital :		
Increase in Liabilities	(717.45)	81.05
Increase/(Decrease) in other long term Liabilities		
(Increase)/Decrease in Trade Receivables	(408.84)	(710.10)
(Increase)/Decrease in Inventories	10.33	25.60
(Increase)/Decrease in Other Current and Non-Current Assets	53.68	1.97
<b>Cash Generated from/(used in operations)</b>	<b>(1,182.64)</b>	<b>593.48</b>
<b>Net Cash Flow from(used in ) Operating Activities (A)</b>	<b>(1,182.64)</b>	<b>593.48</b>
<b>B. Cash Flows from Investing Activities</b>		
Proceeds from sale of Fixed Asset	0.00	18.25
Proceeds of non current Investment	18.88	33.90
Purchase of non current Investment	(1,410.04)	(11,824.31)
Exchange Gain/(Loss)	-	5,150.13
Interest Received	4.02	12.60
Dividend Received	(0.52)	12.89
<b>Net Cash flow from(used in ) Investing Activities (B)</b>	<b>(1,387.66)</b>	<b>(6,596.55)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Issuance of Share Capital	4,778.05	2,100.00
Increase in Reserves - Security Premium	21,384.27	-
Increase in Capital Reserves	1,087.50	-
Increase / Decrease in Unsecured Loans	(42,374.99)	(11.71)
Exchange Gain/(Loss)	17,663.24	(59.67)
Increase / Decrease in secured Loans	307.11	5,322.83
Interest Paid	(203.43)	(1,363.92)
<b>Net Cash flow from/(used in ) Financing Activities (C)</b>	<b>2,641.75</b>	<b>5,987.53</b>
Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)	71.46	(15.53)
Effect of exchange difference on cash & cash equivalent held in foreign Currency		
Cash and Cash Equivalents at the beginning of the year	51.35	66.88
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>54.54</b>	<b>51.35</b>
<b>Net Increase/(decrease) in Cash and Cash equivalents during the year</b>	<b>3.19</b>	<b>(15.53)</b>
<b>Components of cash and cash equivalents (Refer note 2.17)</b>		
Cash on hand	1.88	21.20
Balances in Current Accounts		
Other Bank Balances	9.99	(13.82)
<b>Fixed deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	24.05	22.80
<b>Margin Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months (Refer note 1 below)	1.07	1.07
Earmarked for specific purpose (Refer note 2 below)	17.55	20.09
<b>Total</b>	<b>54.54</b>	<b>51.35</b>

Significant Accounting Policies and Other Notes Forming Integral part of Financials 1 & 3

Note

- 1 These balances are not available for use by the company as they represent margin money deposit
- 2 These balances are not available for use by the company as they represent unpaid dividend liability

As Per our Report of even date attached

**For G. G Patil & Co.,**  
Chartered Accountants  
Firm Regn. No. 008798S

**For and on behalf of Board**

**Iranna C Sadashiv**  
Partner  
M. No. 225513  
Place: Bangalore  
Date: 30/05/2017

**Sai Ramakrishna Karuturi** **Anitha Karuturi**  
Managing Director Director

Place: Bangalore  
Date: 30/05/2017



# Annual Report 2016-17

## GENERAL INFORMATION OF THE COMPANY

Incorporated in 1994, Karuturi Global is today the largest producer of cut roses in the world, with an area of over 292 hectares under Greenhouse cultivation and an annual production capacity of around 555 million stems.

From a modest beginning in 1994, as an export-oriented unit for floriculture, we have expanded our presence into agriculture and food processing verticals with operations spread across Ethiopia, Kenya and India.

The Mission of the company is "To emerge as an integrated agri-products company servicing the world market through unmatched product, cost and quality advantages."

### NOTES TO ACCOUNTS:

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Basis of Presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a new accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and 12 months or other criteria as set out in the Schedule VI to the Companies Act, 2013. The operating cycle is a period of production and their realization in cash and cash equivalents.

##### 1.2 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### 1.3 Revenue Recognition

Revenue from the sale of grown/traded items is recognized upon passage of the title to the customers which generally coincides with the delivery and acceptance thereof. Income by way of 'interest' is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income by way of 'dividend' is recognized when the Company's right to receive dividend is established.

Operating Lease rentals are accounted on the basis of period of lease.

Other income from the sale of duty credit script under Vishesh Krishi and Gram Udyog Yojana has been accounted on the basis of estimated realization of scrips.

##### 1.4 Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method.

##### 1.5 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over



their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as expenses in the Statement of Profit and Loss.

### **Depreciation**

Depreciation on fixed assets has been provided on "Straight line method based on the remaining useful life of the asset as prescribed under the Companies Act 2013. Depreciation on additions/disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use / sold..

Biological assets are not depreciated as the same is not covered in IndAS 16 Property, Plant & Equipments.

### **1.6 Investments**

Investments, which are readily realizable and intended to be held for not more than 1 year from the date on which such investments are made, are classified as a Current Investments. All other investments are classified as non-current investments.

Current investments are carried at the lower of cost and quoted/fair value computed category wise. Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.

### **1.7 Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction.

Monetary current assets and liabilities, denominated in foreign currency are translated at the rates of exchange at the balance sheet date and the resultant gain or loss is recognized in the Statement of profit and loss.

In accordance with the option given in the Ministry of Corporate Affairs Notification No. GSR 225(E) dated 31st March 2009 and amended from time to time the Exchange fluctuations arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, insofar as they relate to acquisition of a depreciable capital assets, is added to or deducted from the cost of the assets and will be depreciated over the balance life of the asset, and in other cases is accumulated in 'Foreign Currency Monetary Item Translation Difference Accounts' in the Company's financial statements and amortized over the balance period of such long term asset/liability but not beyond 31st march 2020, by recognition as income or expenses in each such of the period.

### **1.8 Inventory**

Cost of Inventories comprises of all cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition.

Inventory as physically verified and certified by the management are valued at cost or market rate whichever is lower using the FIFO method. Raw materials are valued at cost. Stock in trade is valued at the lower of cost or net realizable value. Agricultural produce are valued at net realizable value basis.

### **1.9 Employee Benefits**

**Short Term Employee Benefits:** The company accounts for short term employee benefits viz., salary, bonus and other allowances as and when the services are rendered by employees i.e., on accrual basis of accounting and dues within 12 months

#### **Defined Contribution Plan:**

**Provident Fund:** Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

#### **Defined Benefit Plan:**

**Gratuity:** The Company provides for Gratuity, a defined benefit retirement plan (Gratuity Plan) covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation using project unit credit method as at balance sheet date, based upon which, the Company makes necessary and adequate provisions in the books of accounts. The consequent actuarial gain or loss is expensed in the period of accrual of gain or loss.

#### **Other Long term Benefits**

**Compensated Absence:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid

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as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined using the Projected Unit Credit methods at balance sheet date. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### 1.10 Employee Stock Options:

The options are valued, as per SEBI Guidelines "Employee Stock Option Plans/Employee Stock Purchase Plans", based on the fair market value of the shares on the date of grant. The difference between the fair market value of shares and the exercise price would be expensed off in the year of exercise of the options, net off any receipt of amount from the employee towards exercise of the options.

### 1.11 Borrowing Cost:

Borrowing costs including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost, that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred

### 1.12 Earnings per Share:

Basic earnings per equity share are computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and all dilutive potential equity shares.

### 1.13 Provision for Current Tax and Deferred Income Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from timing difference between book profit and taxable profit is accounted for using the tax rates and laws that are enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent there is a reasonable certainty that the asset will be realized in future. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Deferred tax assets and deferred tax liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Minimum Alternative Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

### 1.14 Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 1.15 Cash and Cash Equivalents.

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 1.16 Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized in terms of Indian Accounting Standard – 37: "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, where there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognized in the Financial Statements

### 1.17 Leases

#### As a lessee:

The Company leases certain tangible assets where risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss

on a straight-line basis over the period of the lease.

**As a lessor:**

The Company has leased certain tangible assets and such leases where the Company has Substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

**Finance lease:**

Assets held under finance lease are included in the Balance Sheet at cost less depreciation in accordance with the Company's normal accounting policies. Interest is charged to the profit and loss account over the period of the lease in proportion to the principal sum outstanding.

**1.18 Operating Segment**

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for preparing and presenting the financial statement of the Company as a whole.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate revenue/ expenses".

**Note: 2.1**

**SHARE CAPITAL**

Particulars	31.03.2017		31.03.2016		1.04.2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>						
Equity shares of Re.1/- each	1,500,000,000	15,000.00	1,100,000,000	11,000.00	1,100,000,000	11,000.00
<b>Subscribed, Issued and Paid Up:</b>						
" Equity shares of Re.1/- each fully paid up "	1,497,531,526	14,975.32	1,019,726,648	10,197.27	809,726,648	8,097.27
	<b>1,497,531,526</b>	<b>14,975.32</b>	<b>1,019,726,648</b>	<b>10,197.27</b>	<b>809,726,648</b>	<b>8,097.27</b>

**a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:**

Particulars	31.03.2017		31.03.2016		01.04.2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Number of Equity Shares outstanding at the beginning of the year</b>	<b>1,019,726,648</b>	<b>10,197.27</b>	<b>809,726,648</b>	<b>8,097.27</b>	<b>809,726,648</b>	<b>8,097.27</b>
Number of Equity Shares Issued during the year	477,804,878	4,778.04				
Alloted against ESOP entitlement	-	-	210,000,000	2,100.00	-	-
<b>Number of Equity Shares outstanding at the end of the year</b>	<b>1,497,531,526</b>	<b>14,975.32</b>	<b>1,019,726,648</b>	<b>10,197.27</b>	<b>809,726,648</b>	<b>8,097.27</b>

**b. Terms/rights attached to equity shares**

The company has only one class of equity shares having par value of Rs 1 per Share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

**c. Details of shares issued for consideration other than cash & shares bought back.**

The company has not issued any shares for consideration other than cash & no shares have been bought back by the company.

**d. Unpaid calls by directors/officer.**

There is no unpaid call due from the directors and officers of the company.

**e. The details of shareholder holding more than 5% equity shares are set below;**

Name of Shareholder	31 March 2017		31 March 2016		01 April 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Deutsche Bank A.G	75,000,000	5.01%	-	-	-	-
Elara India Oppertunities Fund Ltd	48,707,241	3.25%	61,057,000	5.99%	61,057,000	7.54%

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## 2.2 RESERVE AND SURPLUS

Particulars	31/Mar/17	31/Mar/16	1/Apr/15
<b>Capital Reserve</b>			
Opening Balance	553.08	553.08	553.08
Add: Amount Transferred	1,087.50	-	-
Less: Amount utilised	-	-	-
<b>Closing Balance</b>	<b>1,640.58</b>	<b>553.08</b>	<b>553.08</b>
<b>Securities Premium Account</b>			
Opening Balance	72,412.03	69,937.03	69,937.03
Add: Received during the year	21,384.27	2,475.00	-
Add: Credit on account of reversal of GDR issue expenses	-	-	-
Less: FCCB Redemption Premium	-	-	-
<b>Closing Balance</b>	<b>93,796.30</b>	<b>72,412.03</b>	<b>69,937.03</b>
<b>Share Options Outstanding Account</b>			
Opening Balance	29.47	25.03	20.59
Add: Amount Transferred during the year	-	4.44	4.44
Less: Deferred ESOP outstanding Account	-	-	-
Less: Deferred ESOP outstanding written back	29.46	-	-
<b>Closing Balance</b>	<b>-</b>	<b>29.47</b>	<b>25.03</b>
<b>Foreign Currency Monetary Translation Reserve</b>			
Opening Balance	22,548.95	18,942.53	17,903.86
Add: Amount Transferred during the year	24,319.51	21,621.55	16,180.43
Less:-Amount Utilised during the year	6,804.42	18,015.13	15,141.76
<b>Closing Balance</b>	<b>40,064.04</b>	<b>22,548.95</b>	<b>18,942.53</b>
<b>General Reserve</b>			
Opening Balance	787.59	787.59	787.59
Add: Amount Transferred	-	-	-
Less: Amount utilised	-	-	-
<b>Closing Balance</b>	<b>787.59</b>	<b>787.59</b>	<b>787.59</b>
<b>Surplus / (Deficit) balance in the Statement of Profit and Loss</b>			
Opening Balance	(972.59)	323.57	183.88
Add: Profit for the Year	107.02	(1,285.42)	136.19
Less: Adjustment	-	(10.74)	3.50
Dividend Distribution Tax	-	-	-
<b>Closing Balance</b>	<b>(865.57)</b>	<b>(972.59)</b>	<b>323.57</b>
<b>Total</b>	<b>135,422.94</b>	<b>95,358.53</b>	<b>90,568.83</b>

## 2.3 Long Term Borrowings

Particulars	31.03.2017		31.03.2016		01.04.2015	
	Non Current	Current	Non-Current	Current	Non-Current	Current
<b>A. Secured Loans</b>						
1) From bank	-	-	-	-	-	-
Finance lease obligation(Refer note 2.3A)	-	-	-	-	-	-
2) From others	-	-	-	-	-	-
NHB Soft Loan(Refer note 2.3A)	-	178.56	-	178.56	-	174.55
<b>B. Unsecured</b>						
1) from others	-	-	-	-	-	-
Unsecured Debt (Refer note 2.3B)*	-	-	24,473.43	16,247.61	22,188.65	15,468.87
Loans and advance from related parties (Refer note 2.3C)	46.10	-	1,258.91	-	5,005.65	-
<b>Total</b>	<b>46.10</b>	<b>178.56</b>	<b>25,732.34</b>	<b>16,426.17</b>	<b>27,194.30</b>	<b>15,643.42</b>
	-	178.56	-	16,426.17	-	15,643.42
<b>Net Long term Borrowings</b>	<b>46.10</b>	<b>-</b>	<b>25,732.34</b>	<b>-</b>	<b>27,194.30</b>	<b>-</b>

### 2.3 A) Details of Secured Loans:

Sl. No.	Name of Bank/ Financial Institution	Details of Security	Amount of Outstanding			Repayment Terms
			31.03.17	31.03.16	01.04.15	
1	National Horticulture Board, Bangalore	Equitable Mortgage Freehold land, Building, Plant & Machinery at Naranahalli, Doddaballapura	178.56	178.56	174.55	To be set off against deposits with High Court
<b>Total</b>			<b>178.56</b>	<b>178.56</b>	<b>174.55</b>	

### 2.3 B) Details of Term Liabilities from Related Parties:

Sl. No	Name of Person /Company/Institution	Repayment	Amount O/s as on 31-03-2017	Amount O/s as on 31-03-2016	Amount O/s as on 1-04-2015
1	Rhea Holding Pvt. Ltd.,	Receivable in 2016-17	-	1,850.00	5,000.00
2	Karuturi Floritech Pvt. Ltd.,	Payable in 2016-17	-	-595.96	-
3	Anitha Realty Pvt Ltd	Receivable in 2016-17	46.10	4.87	5.65

### 2.4 Deferred tax:

Deferred tax liability and asset are recognized based on timing difference using the tax rates substantively enacted on the Balance date. Deferred Tax Assets and Liabilities as on 31st March 2017 are as under:

Particulars	31.03.17	31.03.16	1.04.15
<b>Deferred Tax Assets:</b>			
Compensated absences			
Opening Balance	683.03	770.59	680.04
Additions during the year	384.34	-87.56	90.55
Deletions during the year	-	-	-
<b>Net (Deferred Tax Liabilities)/Assets</b>	<b>1,067.37</b>	<b>683.03</b>	<b>770.59</b>

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation law. Deferred tax asset on unabsorbed depreciation/ carry forward of tax losses is not recognized on grounds of prudence as there is no virtual certainty that sufficient future taxable income will be available for realising the deferred tax assets.

### 2.5 Other long term liabilities

Particulars	31.03.17	31.03.16	1.04.15
<b>Unsecured</b>			
Deposit received from a Subsidiary Company	-	-	-
Payables for purchase of fixed assets	-	-	-
Advances from customers	-	-	-
Others	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 2.6 Long Term Provisions

Particulars	31.03.17	31.03.16	1.04.15
<b>Employee Benefits</b>			
Gratuity (Unfunded) (Ref Note 3.8)	6.87	7.50	7.60
Compensated absences(Unfunded) (Ref Note 3.8)	1.42	0.89	0.89
<b>Total</b>	<b>8.29</b>	<b>8.39</b>	<b>8.49</b>

### 2.7 Short term borrowings

Particulars	31.03.17	31.03.16	1.04.15
<b>Secured</b>			
<b>From Bank</b>			
Working Capital Facilities from Banks	1,280.21	1,149.75	1,238.59
Other short term loans	5,584.31	5,407.66	-
	<b>6,864.53</b>	<b>6,557.41</b>	<b>1,238.59</b>
<b>Unsecured</b>			
<b>Bank Overdraft</b>			
<b>From Others</b>			
Loans and advances from Related Parties (refer table no 2.7B)	204.83	595.96	-
Inter Corporate Deposits - Payable on demand *	601.42	651.42	575.89
	<b>806.24</b>	<b>1,247.38</b>	<b>575.89</b>
<b>Total</b>	<b>7,670.77</b>	<b>7,804.79</b>	<b>1,814.48</b>

\* Balances in Inter Corporate Deposit accounts are subject to reconciliation/confirmation and adjustment consequent to such reconciliation, if any.

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## 2.7 A Details of security

Sl. No.	Name of Bank/ Financial Institution	Details of Security	Amount of Outstanding			Repayment Terms
			31.03.17	31.03.16	1.04.15	
1	Working Capital Facilities from Bank-Axis Bank Limited	First charge on Pari passu bais on current assets of company, second charge on Fixed assets of the company, personal Guarantee of Directors-Sai Ramakrishna Karuturi	1,280.21	1,149.75	1,238.59	Repayable on Demand

## 2.7 B Loans and advances from Related Parties

Sl. No.	Name of Person/ Company/Institution	Repayment Terms	Amount outstanding 31.03.17	Amount outstanding 31.03.16	Amount outstanding 01.04.15
	<b>Short Term Loan</b>				
1	Karuturi Floritech Pvt. Ltd.,	Repayable on demand	-	595.96	-
2	Karuturi Foods Pvt Ltd	Repayable on demand	150.56	-	-
3	Karuturi Telecom Pvt Ltd	Repayable on demand	15.55	-	-
4	Sher Karuturi Ltd	Repayable on demand	38.72	-	-

## 2.8 Trade payables

Particulars	31.03.17	31.03.16	01.04.15
<b>Trade Payables</b>			
- due to Micro, Small & Medium Enterprises*	-	-	-
- others Creditors**	918.77	1,047.15	498.34
- acceptances	-	-	-
<b>Total</b>	<b>918.77</b>	<b>1,047.15</b>	<b>498.34</b>

\* As per the information available with the Company.

\*\* Balance in parties' accounts are subject to reconciliation/confirmation and adjustment consequent to such reconciliation, if any.

## 2.9 Other Current Liabilities

Particulars	31.03.17	31.03.16	01.04.15
Current maturities of long term debt(Refer Note 2.3)	178.56	16,426.18	15,643.42
Unpaid dividends	18.31	18.31	23.68
Statutory remittances	259.74	259.69	1,216.29
Liabilities for expenses	0.57	3.07	3.91
Advance received from Customers	18.10	20.10	124.71
Expenses due to Related Party*	-	595.96	-
Employee benefits payable	45.18	49.74	43.26
Other Amount Payable	175.12	175.12	161.74
<b>Total</b>	<b>695.59</b>	<b>17,548.17</b>	<b>17,217.01</b>

## 2.10 Short Term Provisions

Particulars	31.03.17	31.03.16	01.04.15
<b>Employee Benefits</b>			
Gratuity (Unfunded) (Refer note 2.6)	-	-	-
Compensated absences(Unfunded) (Refer note 2.6)	-	-	-
<b>Others</b>			
Provision for Income Tax(Net)	182.24	174.40	174.56
<b>Total</b>	<b>182.24</b>	<b>174.40</b>	<b>174.56</b>



**2.11 Fixed Assets**

Particulars	Gross Block				Depreciation				Net Block		
	As at 1st April 2016	Additions	Sub total	Disposals/ Other adjustments	As at 31st March 2017	As at 1st April 2016	Adjustment	Depreciation	Salvage Value	As at 31st March 2017	As at 31st March 2016
<b>Tangible Assets</b>											
Land-Freehold *	189.87	-	189.87	-	189.87	-	-	-	9.49	189.87	189.87
Building	276.22	-	276.22	-	276.22	94.16	-	9.22	13.81	172.83	182.05
Borewell	3.91	-	3.91	-	3.91	2.69	-	0.21	0.20	1.01	1.22
Greenhouse	348.35	-	348.35	-	348.35	180.31	-	18.00	17.42	150.04	168.03
Plant and Machinery	65.14	-	65.14	-	65.14	53.16	-	3.01	3.26	8.97	11.98
Plantation	318.24	-	318.24	-	318.24	127.30	-	-	15.91	190.94	190.94
Furniture and Fixtures	87.68	-	87.68	-	87.68	67.23	-	9.14	4.38	11.31	20.45
Computers	43.64	-	43.64	-	43.64	42.75	-	0.73	2.18	0.16	0.89
Vehicles	139.96	-	139.96	-	139.96	103.07	-	19.71	7.00	122.78	36.89
Vehicles- Leasehold	48.95	-	48.95	-	48.95	27.10	-	14.55	2.45	41.64	21.85
<b>Total Tangible Assets</b>	<b>1,521.94</b>	<b>-</b>	<b>1,521.94</b>	<b>-</b>	<b>1,521.94</b>	<b>697.77</b>	<b>-</b>	<b>74.56</b>	<b>76.10</b>	<b>693.14</b>	<b>824.17</b>
<b>Intangible Assets</b>											
Web development	6.30	-	6.30	-	6.30	5.99	-	-	0.32	0.31	0.31
Computer software	1.50	-	1.50	-	1.50	1.50	-	-	0.07	0.00	0.00
<b>Total Intangible Assets</b>	<b>7.80</b>	<b>-</b>	<b>7.80</b>	<b>-</b>	<b>7.80</b>	<b>7.49</b>	<b>-</b>	<b>-</b>	<b>0.39</b>	<b>7.49</b>	<b>0.31</b>
<b>Grand Total</b>	<b>1,529.74</b>	<b>-</b>	<b>1,529.74</b>	<b>-</b>	<b>1,529.74</b>	<b>705.26</b>	<b>-</b>	<b>74.56</b>	<b>76.49</b>	<b>700.26</b>	<b>824.49</b>
<b>Previous Year</b>	<b>1,596.85</b>	<b>22.52</b>	<b>1,619.37</b>	<b>89.63</b>	<b>1,529.74</b>	<b>700.26</b>	<b>(48.86)</b>	<b>53.85</b>	<b>67.96</b>	<b>1,596.85</b>	<b>824.49</b>

\* The registration of a vehicle owned by the company at a cost of Rs. 42 Lakhs is registered in the name of the Managing Director of the company.



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### 2.12 Non Current investments

Particulars	31.03.17	31.03.16	01.04.15
<b>Unquoted Trade investment</b>			
Investment in Subsidiaries	63,532.87	63,532.87	58,558.22
Less: Provision for diminution in the value of Investments	-	-	-
	<b>63,532.87</b>	<b>63,532.87</b>	<b>58,558.22</b>
<b>Other Investment</b>			
<b>Investments in Government or Trust securities:</b>			
Indira Vikasa Patra	-	-	-
	-	-	-
<b>Investments in Mutual Funds:</b>			
Kotak Mahindra Realty fund-HNI Fund	59.35	78.23	112.13
	<b>59.35</b>	<b>78.23</b>	<b>112.13</b>
<b>Total</b>	<b>63,592.22</b>	<b>63,611.10</b>	<b>58,670.35</b>

### 2.12 A Investments (Unquoted)

Particulars	31.03.2017			31.03.2016		01.04.2015	
	Face Value per Share	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>In Subsidiaries, (unquoted)-Valued at cost</b>							
Fully paid up equity shares in:							
Karuturi Overseas Ltd., Dubai, UAE (100%)	AED 1	495,225,000	62,741.67	495,225,000	62,741.67	407,500,000	57,767.22
Karuturi Foods Pvt. Ltd., (100%)	Rs. 10	2,000,000	785.00	2,000,000	785.00	2,000,000	785.00
Karuturi Floritech Pvt. Ltd., (100%)	Rs. 10	50,000	5.00	50,000	5.00	50,000	5.00
<b>Total</b>			<b>63,531.67</b>		<b>63,531.67</b>		<b>58,557.22</b>

### 2.13 Long term loans and advances

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
<b>Unsecured, Considered good</b>			
Secured, considered good			
Loans to Subsidiaries*	34,372.41	60,490.52	57,591.21
Balance with government authorities	929.89	929.89	929.89
Other Receivables	-	-	-
Prepaid Expenses	674.32	730.31	731.49
Less: Provision for doubtful loans and advances	-	-	-
<b>Total</b>	<b>35,976.61</b>	<b>62,150.72</b>	<b>59,252.59</b>

#### \*Loan to Subsidiary is as:

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
Karuturi Overseas Limited	34,372.41	60,490.52	57,591.21
<b>Total</b>	<b>34,372.41</b>	<b>60,490.52</b>	<b>57,591.21</b>

### 2.14: Other non current assets

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
Share application money pending allotment			
Karuturi Overseas Limited	9,726.30	14,791.91	13,343.94
Security Deposits	-	-	-
Leasehold Land Deposit *	250.61	282.21	271.70
Deferred Land Development Expenses *	10.36	15.55	23.32
Other Bank Balances			
FD Maturity more than 12 months	2.34	2.34	2.18
<b>Total</b>	<b>9,989.61</b>	<b>15,092.00</b>	<b>13,641.13</b>

\* The deferred land development expenses are amortised over the lease period, i.e., 5 year from the FY 2013-14. Also refer Note no. 2.11.

## 2.15: Inventories

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
"Raw Materials and components (Valued at Cost or market price which ever is lower using FIFO method) "	2.31	2.77	4.59
Goods-in transit	-	-	-
less: provision for obsolete and slow moving	-	-	-
<b>Net</b>	<b>2.31</b>	<b>2.77</b>	<b>4.59</b>
" Work-in-progress (Valued at net realisable value basis) "	80.96	88.95	113.13
Goods-in transit	-	-	-
	<b>80.96</b>	<b>88.95</b>	<b>113.13</b>
" Finished goods(Valued at net realisable value basis) "	0.72	0.78	2.64
" Stock in Trade(Valued at Cost or market price which ever is lower using FIFO method) "	8.43	10.26	8.01
less: provision for obsolete and slow moving	-	-	-
<b>Net</b>	<b>9.15</b>	<b>11.04</b>	<b>10.65</b>
<b>Total</b>	<b>92.42</b>	<b>102.76</b>	<b>128.37</b>

## 2.16: Trade receivables

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
<b>Unsecured</b>			
a) Debts outstanding for Period Exceeding Six Months from the date it became due for payment			
Secured, considered good	-	-	-
<b>Related Party Debtors</b>			
Considered Good	1,579.98	2,268.85	1,558.73
Considered Doubtful	-	68.74	68.74
<b>Other than Related Party Debtors</b>			
Considered Good	1,516.37	418.65	418.65
Considered Doubtful	99.44	136.54	136.54
	<b>3,195.79</b>	<b>2,892.78</b>	<b>2,182.66</b>
Less: Provision for Doubtful Debts - Related Party	-	68.74	68.74
Less: Provision for Doubtful Debts - other than Related Party	99.44	136.54	136.54
<b>Total</b>	<b>3,096.35</b>	<b>2,687.50</b>	<b>1,977.37</b>

\*Balances in parties' accounts are subject to reconciliation/confirmation and adjustment consequent to such reconciliation, if any.

\*\* Trade receivable are stated at net of advance received for sales orders

## 2.17: Cash and bank balances

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
<b>Cash and cash equivalents</b>			
Cash on Hand	1.88	21.20	17.34
Cash at Bank	-	-	-
Balances in Current Accounts	9.99	(13.82)	1.86
<b>Other Bank Balances</b>			
<b>Fixed deposit</b>			
Deposits with maturity more than 3 months but less than 12 months	24.05	22.80	21.15
<b>Margin Deposit</b>			
Deposits with maturity more than 3 months but less than 12 months	1.07	1.07	1.07
Unpaid Dividend Accounts	17.55	20.09	25.46
<b>Total</b>	<b>54.54</b>	<b>51.34</b>	<b>66.88</b>

## Company to disclose details of SBN in balance sheet held and transacted during demonetisation period from 08-11-2016 to 30-12-2016

	SBNsOther	denomination notes	Total (in lakhs)
Closing cash in hand as on 08.11.2016			254.00
(+) Permitted receipts			-
(-) Permitted payments			-
(-) Amount deposited in Banks			254.00
Closing cash in hand as on 30.12.2016			-

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### 2.18: Short term loan and advances

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
<b>Unsecured, Considered Good</b>			
Secured, considered good			
Advance to Related Parties*	44,698.50	12,104.74	9,602.36
Doubtful	-	-	-
Less: Provision for doubtful loans and advances	-	-	-
	<b>44,698.50</b>	<b>12,104.74</b>	<b>9,602.36</b>
Others			
Advance to Staff	12.78	12.19	8.08
Advance for Purchases	6.93	6.93	9.55
Others Receivables	302.60	302.50	302.50
Security Deposits	207.52	173.18	173.18
Subsidy/Export Incentive	-	-	-
Prepaid Expenses	0.96	0.28	0.64
	<b>530.79</b>	<b>495.08</b>	<b>493.95</b>
<b>Total</b>	<b>45,229.29</b>	<b>12,599.82</b>	<b>10,096.31</b>

\*Individual party wise disclosure required. However the same is restricted to minimum disclosure as prescribed in AS24. ie individual disclosure in excess of 10% of the entire amount is required

### \*Advance to Subsidiaries and step Subsidiaries are as under:-

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
Karuturi Overseas Limited	70,987.34	84,141.33	77,062.35
Karuturi Agro Products Plc	379.57	694.52	655.34
Karuturi Foods Pvt Ltd	-	7.10	676.06
<b>Total</b>	<b>71,366.91</b>	<b>84,842.95</b>	<b>78,393.75</b>

### 2.19 Other Current Assets

Particulars	31/Mar/17	31/Mar/16	01/Apr/15
Deferred Land Development Expenses *	-	5.18	7.77
Statutory Receivables	8.57	-	-
Subsidy/ Export Incentive Accrued	63.09	63.09	65.30
<b>Total</b>	<b>71.66</b>	<b>68.27</b>	<b>73.07</b>

\* Refer Note no. 2.11

### 2.20: Revenue from operations (Net)

Particulars	31/Mar/17	31/Mar/16
Sale of Agriculture Produce*		
- Indigeneous	1,015.58	1,422.98
- Export	-	-
Sale of Traded Products	-	-
Sale of Services	-	-
- Indigeneous	-	-
- Export	-	1.96
<b>Total</b>	<b>1,015.58</b>	<b>1,424.94</b>

### \*Details of Sale of Agriculture Produce:

	31/Mar/17	31/Mar/16
Flowers	83.19	130.72
Plant & Plant Materials	932.39	1,294.22
<b>Total</b>	<b>1,015.58</b>	<b>1,424.94</b>

**2.21: Other income**

Particulars	31/Mar/17	31/Mar/16
<b>Dividend</b>		
From Long Term Investments	-0.52	12.89
<b>Interest</b>	-	-
Fixed deposits	1.38	1.98
Other Interest	2.64	10.62
Profit on sale of Investments	-	-
Lease Rental Income	-	-
Creditors Written Back	9.77	1.59
Insurance Claim	-	-
Miscellaneous Income	31.03	-
Subsidy/ Export Incentive	-	-
Profit / (Loss) on sale of Fixed Assets	-	-
Written back of ESOP	-	-
Exchange Gain	40.51	1,261.72
Premium on forward contracts	-	-
<b>Total</b>	<b>84.81</b>	<b>1,288.79</b>

**2.22: Cost of Material Consumed**

Particulars	31/Mar/17	31/Mar/16
Opening stock	2.77	4.59
Add: Purchases	30.30	38.96
Add: Direct Expenditure	-	-
Add (Less:) Raw material received (transferred)	-	-
Less: Closing stock	2.31	2.77
<b>Total</b>	<b>30.75</b>	<b>40.78</b>

**2.23: Purchases of stock in trade**

Particulars	31/Mar/17	31/Mar/16
Purchase of Traded Goods	871.30	1,182.11
<b>Total</b>	<b>871.30</b>	<b>1,182.11</b>

**2.24: Change in inventory of finished goods, work-in-progress and stock in trade**

Particulars	31/Mar/17	31/Mar/16
<b>Opening stock</b>		
Finished goods	0.78	2.64
Work-in-progress-Plant & Plant Materials	88.95	113.13
Stock in Trade	10.26	8.01
	<b>99.99</b>	<b>123.78</b>
<b>Less: Closing Stock</b>		
Finished goods	0.72	0.78
Work-in-progress-Plant & Plant Materials	80.96	88.95
Stock in Trade	8.43	10.26
	<b>90.11</b>	<b>99.99</b>
<b>(Increase)/Decrease in Inventory of Finished Goods, . Work-in-Progress and Stock-in Trade</b>	<b>9.88</b>	<b>23.78</b>

Particulars	31/Mar/17	31/Mar/16
<b>Details of Opening Stock of Finished Goods:</b>		
Plant & Plant Materials	-	-
Flowers	0.78	2.64
<b>Sub-Total</b>	<b>0.78</b>	<b>2.64</b>
<b>Details of Closing Stock of Finished Goods:</b>		
Plant & Plant Materials	-	-
Flowers	0.72	0.78
<b>Sub-Total</b>	<b>0.72</b>	<b>0.78</b>

**2.25: Employee benefits expense**

Particulars	31/Mar/17	31/Mar/16
Salary, Allowances and Termination Benefits	76.30	90.75
Staff Welfare Expenses	0.87	0.89
Contribution to Provident Fund	0.74	0.89
<b>Total</b>	<b>77.91</b>	<b>92.52</b>

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### 2.26: Finance Cost

Particulars	31/Mar/17	31/Mar/16
Interest on Finance Lease obligation	-	-
Interest on Term Loan & Working Capital Borrowings	75.47	497.30
Interest On Inter Corporate deposits	-	-
Foreign Exchange Gain/Loss on account of Borrowing Cost	-	3,349.31
Interest on Others	-	-
Bank Charges	49.77	6.28
<b>Total</b>	<b>125.24</b>	<b>3,852.88</b>

### 2.27: Other Expenses

Particulars	31/Mar/17	31/Mar/16
Advertisement Expenses	3.40	3.54
Auditors Remuneration*	5.02	9.95
Provision for Bad and Doubtful Debts	-	0.01
Business Promotion Expenses	0.80	1.13
Custodian & Exchange Listing Fees	15.93	16.32
Directors Sitting Fees	0.98	1.09
Freight, Clearing & Forwarding Charges	0.38	0.79
General Expenses	15.46	23.29
Insurance	0.90	1.51
Professional charges & Membership Fee	22.08	10.01
Power Charges	16.82	12.39
Printing & Stationery	1.15	1.52
Rates & Taxes	1.75	12.86
Rent	1.00	3.00
Repairs & Maintenance - Building	-	-
Repairs & Maintenance - Machinery	-	3.04
Repairs & Maintenance - Others	15.93	5.92
Communication Expenses	2.85	5.26
Traveling and conveyance	7.88	18.93
Vehicle Maintenance	3.64	5.97
Prior Period Expenses	68.26	4.81
Security Charges	3.95	3.84
Foreign exchange loss	-	-
<b>Total</b>	<b>188.17</b>	<b>145.16</b>

#### \* Breakup of Auditor's Remuneration:

Particulars	31/Mar/17	31/Mar/16
Statutory Audit & Limited Review Fees	3.94	8.73
Tax Audit Fees	0.85	0.85
Reimbursement of Expenses	0.23	0.37
<b>Total</b>	<b>5.02</b>	<b>9.95</b>

### 2.28: Prior period items

Particulars	31/Mar/17	31/Mar/16
Foreign Exchange Gain/Loss on account of Borrowing Cost	-	-
Foreign Exchange Gain/ Loss	-	-
Reversal of Exchange Gain for Prior Years	-	-
Other Expenses	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 2.29: Exceptional items

Particulars	31/Mar/17	31/Mar/16
FCTMR Gain/loss on conversion Investment	-	1,477.06
Others	-	-
<b>Total</b>	<b>-</b>	<b>1,477.06</b>

### 3. Other Disclosures:

3.1: The Company is operating primarily in a single segment of floriculture. As there is no diversified business activity there is no business segment. Hence the requirements of disclosure under Indian Accounting Standard for Operating Segment (IndAS108) would not apply.

#### 3.2 Contingent liabilities and commitments (to the extent not provided for)

Particulars	31/Mar/17	31/Mar/16
Contingent Liabilities		
Disputed Income Tax dues (as detailed below)	41,593.36	39,767.26
Disputed Service tax dues	172.62	172.62
Disputed Cases	57.50	57.50
Disputed Entry Tax	6.41	6.41
Corporate Guarantee Given to the Bank against Borrowing by the Subsidiaries	45,208.81	43,479.13
<b>Total</b>	<b>87,038.70</b>	<b>83,482.92</b>

- a) The Company has received a demand for Rs. 863.44 Lakh for AY 2005-06, Rs. 792.71 Lakhs for AY 2006-07, Rs. 1850.91 Lakh for AY 2007-08, Rs. 19303.07 Lakhs (outstanding Rs. 18361.60 Lakhs) for AY 2008-09, Rs. 3254.27 for AY 2009-10, Rs. 4830.70 Lakhs for AY 2010-11, Rs. 3610.00 Lakhs for AY 2011-12, Rs. 5472.63 Lakhs for AY 2012-13 and Rs. 1615.63 lakhs for AY 2013-14 due to certain additions and disallowances made by the Assessing Authorities. The same has been disputed by the Company before the Appellate Authorities and is confident of obtaining a favorable response in the appeal.
- b) The Income Tax Department has seized bank accounts of the company during the year 2012-13 due to pending disputes.
- c) The Company has entered into a sale agreement with Convergent Technologies Pvt Ltd., for sale of one of its wholly owned subsidiary Karuturi Telecom Pvt. Ltd., where as the Company is suppose to receive Rs.330 lakhs out of which the company has received a sum of Rs.57.50 Lakhs only and have failed to receive the balance amount of Rs.272.50 lakhs. In this regard the Company has filed a case against Convergent Technologies Pvt Ltd. and case is pending before the High Court of Karnataka.

#### 3.3 Expenditure in foreign currency

Particulars	31/Mar/17	31/Mar/16
Membership & Subscription Charges	-	-
Insurance	-	-
Legal, Professional Charges	-	-
Plants Purchased	-	-
Travelling expense	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### 3.4 Value of imported and indigenous raw materials, spare parts and components consumed

Particulars	31-Mar-17		31-Mar-16	
	Rs.	%	Rs.	%
Raw materials				
Indigenous				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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### 3.5 Earnings in Foreign Currency

Particulars	31/Mar/17	31/Mar/16
Export of goods calculated on F.O.B basis	-	1.96
Other Income (Lease rental income)	-	-
<b>Total</b>	<b>-</b>	<b>1.96</b>

### 3.6 Employee Benefits:

#### a) Defined Contribution Plan:-

During the year the Company has recognized the following amounts in the Statement of Profit And Loss:-

Particulars	31/Mar/17	31/Mar/16
Employer's contribution to Provident Fund	0.74	0.80
<b>Total</b>	<b>0.74</b>	<b>0.80</b>

#### b) Defined Benefits Plan:-

Short term employee benefits such as salary, allowances and bonus are accounted on accrual basis of accounting and based upon the laws applicable. Termination benefits (Gratuity) is provided on the basis of actuarial valuation. The actuarial gain or loss is considered in the Profit and Loss Account of the period in which it accrues.

Accumulated compensated absences are measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

#### Change in present value of obligation:

Particulars	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the beginning of the period (1st April 2016)	7.50	7.60	-	-
Acquisition Adjustment	-	-	-	-
Interest Cost	-	0.39	-	-
Past Service Cost	-	-	-	-
Current Service Cost	-	1.11	-	-
Curtailment Cost	-	-	-	-
Settlement Cost	-	-	-	-
Benefits Paid	(0.63)	(6.95)	-	-
Actuarial (gain)/loss on obligation	-	5.35	-	-
Present Value of Obligation as at the end of period (31st March 2017)	6.87	7.50	1.42	0.8

#### The amounts recognized in Balance Sheet:

Particulars	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present Value of obligation as at the end of the period	6.87	7.50	1.42	0.89
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded Status	(6.87)	(7.50)	(1.42)	(0.89)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
Net Asset/(Liability) recognized in balance sheet	(6.87)	(7.50)	(1.42)	(0.89)

#### Expense recognized in the Statement of Profit and Loss:

Particulars	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Current Service Cost	-	1.11	0.42	-
Past Service Cost	-	-	-	-
Interest Cost	-	0.39	0.11	-
Expected return on plan assets	-	-	-	-
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(0.63)	5.35	-	-
Expenses recognized in the statement of profit and loss under employee costs	(0.63)	6.85	0.53	-

**Actuarial Assumptions:**

Particulars	Percentage	Percentage
Discounting Rate	7.50%	8.25%
Future Salary increase are considered taking into account inflation, seniority promotions and other relevant factors.	6.00%	5.00%
Expected Rate of return on plan assets	0%	0%

**Demographic Assumptions:**

Particulars	2016-17	2015-16
Retirement Age	60 years	58 years
Mortality Table	IALM (2006-08) duly modified	IALM (2006-08) duly modified
Attrition rate	20%	20%

**3.7 Earnings Per Share**

In accordance with the Indian Accounting Standard (IndAS- 33) on "Earnings per Share", computation of Basic and Diluted Earnings Per Share is as under:

Particulars	31/Mar/17	31/Mar/16
a) Net Profit for Basic Earnings Per Share as per Profit and Loss A/c	107.02	(1,292.67)
b) Weighted average number of equity shares for Earnings Per Share computation:		
(i) Number of Equity Shares at the beginning of the year	1,497,531,526	1,019,726,648
(ii) Number of Shares allotted during the year	-	-
(iii) Weighted average shares allotted during the year	-	-
(iv) Number of potential equity shares*	1,497,531,526	1,019,726,648
(v) Weighted Average for:		
- Basic Earnings Per Share		
- Diluted Earnings Per Share	1,497,531,526	1,019,726,648
c) Earnings Per Share – Before Extra-ordinary Items		
- Basic (Rs.)	0.01	(0.13)
- Diluted (Rs.)	0.01	(0.13)
d) Earnings Per Share – After Extra-ordinary Items		
- Basic (Rs.)	0.01	(0.13)
- Diluted (Rs.)	0.01	(0.13)
d) Face Value Per Share	Re 1/-	Re 1/-

**A) As per Indian Accounting Standard-24 (IndAS-24)- Related Party Disclosures', as notified by the Rules, the disclosures of transactions with the related parties as defined in the accounting standard are given below.**

Name of Party	Nature of relationship
Sai Ramakrishna Karuturi	KMP
Anitha Karuturi	--Do--
Anitha Realty Private Limited	KMP interested company.
Rhea Holding Private Limited	--Do--
Horticulture Synergies	KMP Interested Firm
Karuturi Foods Pvt. Ltd.,	Subsidiary
Karuturi Floritech Pvt. Ltd.,	--Do--
Karuturi Overseas Limited	--Do--
Karuturi Flower Express Pvt. Ltd.,	Step down Subsidiary
Ethiopian Meadows Plc	--Do--
Flower Xpress FZE	--Do--
Yeshoda Investment Limited	--Do--
Surya Holding Limited	--Do--
Karuturi Limited	--Do--
Karuturi Hospital Limited	--Do--
Rhea Holdings Limited	--Do--
Karuturi Sports Limited	--Do--
Karuturi Agro Products Plc	--Do--
Surya Blossoms Plc	--Do--
Shiv pack Plc	--Do--
Anil Tumu	Relative of KMP.

(KMP = Key Management Person).

A) Karuturi Global Ltd has transactions with concerns / companies wherein the directors are interested. Summary of the transactions with the above related parties is as follows: (Negative Figures indicates credit balance).



## Annual Report 2016-17

Name	Year	Sale	Lease Rental (Income)	Expenses/Income	Loan Taken	Loan Paid	Closing Balance
Rhea Holding Pvt Ltd.	2016-17	-	-	-	132.19	306.30	(174.11)
	2015-16	-	-	-	5,676.85	315.92	360.93
Anitha Realty Pvt Ltd.	2016-17	-	-	-	49.65	8.43	46.09
	2015-16	-	-	-	0.92	0.15	4.87

### KMP Interested Firm

Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Horticulture Synergies	2016-17	36.79	-	-	36.79
	2015-16	36.79	-	-	36.79

### Subsidiary/Step-Subsidiaries

Name	Year	Sale	Lease Rental Income	Expenses/(Income)	Loan Taken	Loan Repaid	Closing Balance
Karuturi Foods Pvt. Ltd.,	2016-17	-	-	-	1,724.34	139.90	1,591.53
	2015-16	-	-	-	2,258.38	2,918.16	7.09
Karuturi Floritech pvt. Ltd.,	2016-17	-	-	-	4,339.38	175.88	3,567.53
	2015-16	-	-	-	3,048.65	2,452.69	(595.96)
Karuturi Overseas Ltd.,	2016-17	-	-	-	-	-	17,293.01
	2015-16	-	-	-	-	-	16,357.64
Ethiopian Meadows Plc	2016-17	-	-	-	24.56	216.89	(368.53)
	2015-16	-	-	-	-	-	(560.85)
Karuturi Agro Products Plc	2016-17	-	-	-	31.93	346.88	379.57
	2015-16	-	-	-	-	-	694.52
Surya Blossoms Plc	2016-17	-	-	-	6.91	140.61	24.07
	2015-16	-	-	-	-	-	157.78
Karuturi Flower Express Pvt. Ltd.,	2016-17	-	-	-	0.79	0.08	48.76
	2015-16	-	-	-	2.00	5.00	48.06

### 3.8 Disclosure on Foreign Currency exposures:

- a) The Company has entered not into any Forward contracts during the year 2016-17. Forward contract outstanding as on 31st March 2017 is Nil (Previous Year: Nil).

Considering the Fluctuations occurred subsequent to the year ending in Foreign Currency, notional Income arising on account of computation of mark to market liability of Forward Contract as on 31st March 2017 is not recognized.

- b) The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below.

### Amounts due in foreign currency on account of following:

Particulars	Currency	As at 31st March 2017		As at 31st March 2016	
		Rs.(In Lakh)	Foreign Currency	Rs.(In Lakh)	Foreign Currency
Trade Receivable	US \$	18.95	29,235.00	25.97	43,208.56
Trade Receivable	AUS \$	0.89	1,800.00	0.99	1,800.00
Trade Receivable	Euro €	30.65	44,265.17	36.55	44,265.17
Related party Receivable	US \$	16,581.27	25,573,143.00	10,381.82	17,272,312.60
Related party Receivable	Euro €	0.03	-	-	-
Related party Payable	US \$	38.73	59,726.40	1,695.65	2,821,396.42
Related party Payable	Euro €	-	-	4.40	5,331.34
FCCB Redeemable	US \$	-	-	35,990.37	60,665,264.29

### 3.9 Lease Particulars:

**Operating lease: Where the company is a lessor**

**Assets given on operating lease to subsidiary is as under:**

- Gross carrying amount of fixed assets given on operating lease to its subsidiary is Rs. Nil (PY Rs. Nil), accumulated depreciation Rs. Nil (PY Rs. Nil) and net block of Rs. Nil (Rs. Nil)
- Depreciation recognized during the year against assets given on lease is. Rs. Nil (PY Rs. Nil). Nil (Rs. Nil).

**Finance Lease: Where the company is a lessee:**

The minimum lease payments and present value of minimum lease payments

Particulars	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Later than one year and not later than five years	-	-	-	-
<b>Total</b>	-	-	-	-
Less: Finance Charges	-	-	-	-
Present Value of Minimum Lease Payment	-	-	-	-
Disclosed under:	-	-	-	-
Long Term Borrowings (refer Note:-2.3)	-	-	-	-
Other Current Liabilities (2.5)	-	-	-	-
<b>Total</b>	-	-	-	-

3.10 Previous Year's figures have not been audited by the current year auditors

3.11 Previous year's figures have been reworked, regrouped, rearranged and re-classified wherever necessary. Figures in bracket relates to previous years

As Per our Report of even date attached

**For G G Patil and Co.**  
Chartered Accountants  
Firm Regn. No. 008798S

For and on behalf of Board

**Iranna C Sadashiv**  
Partner  
M. No. 225513

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Director

Place : Bangalore  
Date: 30/05/2017

Place : Bangalore  
Date: 30/05/2017

# Annual Report 2016-17

## INDEPENDENT AUDITORS' REPORT

To The Board of Directors of Karuturi Global Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of **KARUTURI GLOBAL LIMITED** (hereinafter referred to as: Holding Company "and its subsidiaries (the Holding company and its Subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (Including other Comprehensive Income), the Consolidated Cash Flow Statement for the year then ended, and a summary of Significant accounting policies and other Explanatory information (hereinafter referred to as "the Consolidated financial Statement".)

### Management's Responsibility for the Financial Statements

The Holding's 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 (Consolidated) Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements

### Basis for Qualified Opinion

- During the year ,the Company has made sales amounting to Rs. 2,2612.76 Lakhs and Purchasing amounting to Rs.11,661.63 Lakhs , Wherein we observed that Existing Controls and Documentary evidences are not Sufficient for us to Satisfy ourself that these figures are free from Misstatement and also unable to comment its impact on Statement of Profit and Loss for the year.
- Attention is invited to Note No: 2.3(B) Unsecured Loans of the Financial Statements, Company has made Repayment of FCCB(Foreign Currency Convertible Bonds) during the year by allotting Shares to the Bondholders as per the agreed value. Attention is drawn on crossing over the Deadline for Repayment as fixed by RBI, which company has not complied.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the consolidated financial position of the group as at 31st March 2017, and its consolidated financial performance (including other comprehensive income) its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Emphasis of Matters

- **Attention invited** to regarding outcome of various contingent liabilities and corporate guarantees given by the company and the possible exposure of the same on the Company's financial statement and regarding the position of the company towards the court proceedings of Sale of its subsidiary Karuturi Telecom Private limited along with seizure of bank account by the Income Tax Department.
- **Attention is invited** to the comments of the other Auditors of respective subsidiary companies:

### a) KARUTURI FLOWER EXPRESS PRIVATE LIMITED

"We draw attention to the following matters in the Notes to the financial statements: Note 1.2 (h) to the financial statements which describes the cash credit not repaid by the company from the year 2014. In forming our opinion on the financial statements, we have considered the adequacy of the disclosure made in notes to accounts concerning the group's ability to continue as a going



concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern”

**b) KARUTURI FOODS PRIVATE LIMITED**

**“Material Uncertainty Related to Going Concern**

We draw attention to Note No 2.9 Fixed Assets in the financial statements, which indicates that the Company has Disposed substantial part of Fixed assets to Chandru & Co as a part of Disposal of one of its units during the year ended 31-03-2017 and, As stated in , these events or conditions, along with other matters as set forth ,indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is Qualified in respect of this matter.”

**c) KARUTURI FLORITECH PRIVATE LIMITED**

1. Company has Advanced loan to SIMPLY CLASS FASHIONS PVT LTD which is Exceeding Sixty Percent of its Paid up share capital , Free Reserve and Securities premium account or One hundred Percent of its Free Reserve and Securities Premium account whichever is More which is in violation to Section 186 r/w Section 185 of Companies Act-2013 .
2. Company has availed loan from Member which is in violation to Section 73 of Companies Act-2013.

**Report on Other Legal and Regulatory Requirements**

1. 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 , except for the possible effect of matter described in the Basis for qualified Opinion paragraph above , 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss(Including Comprehensive Income ) and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid Ind AS Consolidated financial statements comply with the 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, 2017 taken on record by the Board of Directors, and the reports of the Statutory Auditors of Subsidiary companies incorporated in India , none of the directors is disqualified as on March 31, 2017 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 A”.
  - 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.
    - 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.
    - h. The Company has provided requisite disclosures in its Financial Statements with regard to Specified Bank notes held and transacted during the period 08.11.2016 to 30.12.2016 , and these are in Accordance with the Books of Accounts Maintained by Company.

For and on behalf of

**G G Patil & Co**

Chartered Accountants

Firm’s registration number: 008798s

**Iranna C Sadashiv**

Partner

Membership number: 225513

Place: Bangalore

Date: 30.05.2017

# Annual Report 2016-17

## Consolidated Balance Sheet as at 31st March 2017

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	31.03.2017	31.03.2016	01.04.2015
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Fixed Assets				
- Tangible Assets	2.11	215,470.16	238,278.28	234,138.01
- Intangible Assets	2.11	0.49	769.52	2,074.93
- Capital Work in Progress	2.11	34,375.37	40,364.61	34,729.15
<b>Non Current Investments</b>	2.12	60.55	79.43	112.13
Deferred Tax Assets (Net)	2.40	1,105.69	721.35	3,049.64
Long Term Loans and Advances	2.13	3,955.63	1,660.20	1,661.38
Other Non Current Assets	2.14	331.66	462.65	367.64
<b>Current Assets</b>				
Inventories	2.15	713.82	3,805.41	2,302.92
Trade Receivables	2.16	10,737.47	14,442.44	16,312.19
Cash and Cash Equivalents	2.17	3,295.60	2,696.74	2,690.39
Short Term Loan and Advances	2.18	12,737.36	15,071.27	15,432.24
Other Current Assets	2.19	467.53	961.65	727.96
		<b>283,251.40</b>	<b>319,313.56</b>	<b>313,598.58</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	2.1	14,975.32	10,197.27	8,097.27
Reserves and Surplus	2.2	198,693.48	186,623.46	171,418.66
Money Received against Share Warrants/ESOP				
Head Office Account **				
Share application money pending allotment	2.2A	-	-	-
Minority Interest		-	2.59	2.44
<b>Non-Current Liabilities</b>				
Long-term borrowings	2.3	5,690.11	38,899.62	50,626.99
Deferred Tax Liabilities (Net)	2.4	107.97	116.96	116.09
Other Long Term Liabilities	2.5	2,051.76	2,222.59	2,209.14
Long Term Provisions	2.6	73.14	81.89	84.59
<b>Current Liabilities</b>				
Short-Term Borrowings	2.7	20,477.53	30,869.55	27,368.20
Trade Payables	2.8	15,865.66	14,086.08	17,591.54
Other Current Liabilities	2.9	25,013.23	36,010.58	33,649.44
Short term Provisions	2.10	303.21	202.97	2,434.22
		<b>283,251.40</b>	<b>319,313.56</b>	<b>313,598.58</b>

Significant Accounting Policies and Other Notes

Forming Integral part of Financials

1&3

Contingent Liabilities and Capital Commitments

3.1

As Per our Report of even date attached

**For G. G Patil & Co.,**

Chartered Accountants

Firm Regn. No. 008798S

**Iranna C Sadashiv**

Partner

M. No. 225513

Place: Bangalore

Date: 30/05/2017

**For and on behalf of Board**

**Sai Ramakrishna Karuturi Anitha Karuturi**

Managing Director

Director

Place: Bangalore

Date: 30/05/2017



## Consolidated Statement of Profit and loss account for the year ended 31.03.2017

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending 31.03.2017	Year Ending 31.03.2016
Revenue from Operations	2.20	22,612.76	33,149.77
Other Income	2.21	8,942.24	1,430.10
<b>Total Income</b>		<b>31,555.00</b>	<b>34,579.87</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.22	4,913.09	6,270.09
Purchase of Stock-in Trade	2.23	7,465.46	8,265.64
Change in Inventory of FG, WIP and Stock-in Trade	2.24	722.99	110.43
Employee Benefits Expense	2.25	219.07	1,264.31
Finance Costs	2.26	936.63	5,546.52
Depreciation and Amortisation Expenses	2.11	4,356.56	4,316.32
Other Expenses	2.27	4,124.96	6,710.06
<b>Total Expenses</b>		<b>22,738.75</b>	<b>32,483.36</b>
<b>Profit / (Loss) Before Exceptional Items and Tax</b>		<b>8,816.25</b>	<b>2,096.50</b>
Exceptional Items	2.28	0.44	1,488.85
<b>Profit / (Loss) Before tax</b>		<b>8,816.69</b>	<b>3,585.35</b>
Tax expense			
Current Tax		74.98	24.38
Deferred Tax charge / (Credit)		(384.34)	87.56
<b>Profit after tax</b>		<b>9,126.06</b>	<b>3,473.41</b>
Prior Period Items	2.30	(68.26)	(11,369.92)
<b>Profit / (Loss) from operations</b>		<b>9,057.80</b>	<b>14,843.33</b>
Other Comprehensive Income		-	55.87
<b>Profit / (Loss) from operations after tax</b>		<b>9,057.80</b>	<b>14,899.20</b>
<b>Earning per Equity Share</b>			
Basic		0.605	1.460
Diluted		0.605	0.988
<b>No. of shares used in computing earnings per share</b>			
Basic		0.605	1.460
Diluted		0.605	0.988

Significant Accounting Policies and Other Notes

Forming Integral part of Financials

Contingent Liabilities and Capital Commitments

1&3

3.1

As Per our Report of even date attached

**For G. G Patil & Co.,**

Chartered Accountants

Firm Regn. No. 008798S

**Iranna C Sadashiv**

Partner

M. No. 225513

Place: Bangalore

Date: 30/05/2017

**For and on behalf of Board**

**Sai Ramakrishna Karuturi Anitha Karuturi**

Managing Director

Director

Place: Bangalore

Date: 30/05/2017

# Annual Report 2016-17

## Cash Flow Statement For The Year Ended 31st March 2017. Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	31.03.2017	31.03.2016
<b>A. Cash Flows from Operating Activities</b>		
Profit before tax but after prior period items	8,884.95	15,016.78
Less: Exceptional Items-Being withdrawal of Depreciation	(0.44)	(1,488.85)
<b>Net Cash Adjustment to reconcile profit before tax to net cash Flows</b>	<b>8,884.51</b>	<b>13,527.93</b>
Depreciation on tangible assets	4,356.56	4,316.32
Creditors written back	(8,844.22)	(15.12)
Exchange gain	-	(1,348.30)
Provision for doubtful debts	200.32	113.50
Bad debts	(197.02)	(83.41)
Effect of exchange fluctuation on foreign currency translation reserve	1,641.23	(3,010.08)
Interest expense	936.63	5,546.52
Interest Income	(5.65)	(16.74)
Dividend Income	0.52	(12.89)
<b>Operating Profit Before Working Capital Changes</b>	<b>6,972.87</b>	<b>19,017.74</b>
Movement In working Capital :		
Increase/(Decrease) in Liabilities	(18,460.11)	(2,656.28)
(Increase)/Decrease in Trade Receivables	3,699.36	1,875.36
(Increase)/Decrease in Inventories	3,091.59	(1,502.49)
(Increase)/Decrease in Other Current Assets	279.26	2,361.73
<b>Cash Generated from/(used in operations)</b>	<b>(4,417.04)</b>	<b>19,096.06</b>
<b>Net Cash Flow From Operating Activities (A)</b>	<b>(4,417.04)</b>	<b>19,096.06</b>
<b>B. Cash Flows from Investing Activities</b>		
"Purchase of Fixed Assets Including intangible asset,CWIP and Capital Advances"	4,501.27	(13,462.11)
Proceeds from sale of Fixed Asset	18,900.98	152.67
Proceeds of Non Current Investment	18.88	32.70
Interest Received	5.65	16.74
Dividend Received	(0.52)	12.89
<b>Net Cash flow from(used in) Investing Activities (B)</b>	<b>23,426.26</b>	<b>(13,247.11)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Issuance of Share Capital	4,778.05	2,100.00
Proceeds from Issuance of Share Options	(29.46)	4.44
Proceeds from Securities Premium	21,384.27	2,475.00
Other Cash & Bank equivalent accounts	(2.54)	(5.37)
Increase / (Decrease) in Borrowings	(43,601.53)	(8,226.02)
Interest Paid	(936.63)	(2,185.26)
<b>Net Cash flow from/(used in ) Financing Activities (C)</b>	<b>(18,407.84)</b>	<b>(5,837.22)</b>
Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)	601.39	11.73
Cash and Cash Equivalents at the beginning of the year	2,676.66	2,664.93
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>3,278.05</b>	<b>2,676.66</b>
<b>Net increase/(decrease) in Cash and Cash equivalents during the year</b>	<b>601.39</b>	<b>11.73</b>

Significant Accounting Policies and Other Disclosures 1&3

### 2.17: Cash and Bank Balances

Particulars	31.03.2017	31.03.2016
<b>Cash and cash equivalents</b>		
Cash on hand	23.96	130.94
Balances in current account	794.35	8.91
<b>Other Bank Balances</b>		
Deposits with maturity more than 3 months but less than 12 months	983.45	1,026.51
Deposits with maturity more than 3 months but less than 12 months	1,476.29	1,510.29
<b>Total</b>	<b>3,278.05</b>	<b>2,676.66</b>

#### Note

- 1 These balances are not available for use by the company as they represent margin money deposit
- 2 These balances are not available for use by the company as they represent unpaid dividend liability

As Per our Report of even date attached

**For G. G Patil & Co.,**

Chartered Accountants

Firm Regn. No. 008798S

**Iranna C Sadashiv**

Partner

M. No. 225513

Place: Bangalore

Date: 30/05/2017

**For and on behalf of Board**

**Sai Ramakrishna Karuturi Anitha Karuturi**

Managing Director

Director

Place: Bangalore

Date: 30/05/2017

## NOTES TO ACCOUNTS:

### 1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED ACCOUNTS

#### 1.1 Principles of consolidation

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Indian Accounting Standard (IND AS) 110 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortized in phased manner based on impairment test. During the year under review NIL is amortized (Previous year NIL).
- The difference between the proceeds from disposal of investments in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.
- Minority interest share of net profit of consolidated subsidiaries for the year, if any is identified and adjusted against the income of the group in order to arrive at the net income attributable to share holders of the Company. Where the losses applicable to the minority in a consolidated subsidiary exceed the minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority, are adjusted against the majority interest. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered
- Minority interest share of net asset of consolidated subsidiaries, if any is identified and presented in the consolidated balance sheet separate from liabilities and the equity of Company share holders.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements except for depreciation, which have underwent change as far as Indian Entities concerned to adopt the Companies Act, 2013.

#### h) The Enterprise considered in the consolidated financial statement are :

Name of Enterprises	Country of Incorporation	Voting power held as at 31st March 2017	Voting power held as at 31st March 2016 by the holding company
Karuturi Foods Pvt Limited	India	100%	100%
Karuturi Floritech Pvt Limited	India	100%	100%
Karuturi Overseas Ltd., ( Consolidated)	UAE	100%	100%

#### i) Subsidiaries and step down subsidiaries of Karuturi Overseas Limited, an 100% subsidiary of the Company as on 31st March 2015 are:

Name of Enterprises	Country of Incorporation	Name of the Holding Company	Voting power held as at 31st March 2017
Flower Xpress FZE	UAE	Karuturi Overseas Limited.,	100%
Ethiopian Meadows PLC	Ethiopia	Karuturi Overseas Limited.,	100%
Yeshoda Investment Limited	Kenya	Flower Xpress FZE	100%
Surya Holding Limited	Kenya	Flower Xpress FZE	100%
Rhea Holding Limited	Kenya	Flower Xpress FZE	100%
Karuturi Limited*	Kenya	Yeshoda Investment limited	100%
Karuturi Hospital Limited	Kenya	Yeshoda Investment limited	100%
Karuturi Sports Limited	Kenya	Flower Xpress FZE	100%
Karuturi Agro Products PLC	Ethiopia	Ethiopian Meadows PLC	100%
Surya Blossoms PLC	Ethiopia	Ethiopian Meadows PLC	100%
Shiv Pack PLC	Ethiopia	Ethiopian Meadows PLC	100%

\*Karuturi Ltd., is wound up pursuant to court order dated 30th Mar, 2016

- Karuturi Flower Express Private Limited is a 100% subsidiary of Karuturi Floritech Pvt Ltd



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## 1.2 Basis of Accounting

The Consolidated Financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated Financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2015 being the 'date of transition to Ind AS'. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealised profits/ losses, unless cost/revenue cannot be recovered

The operating cycle is a period of production and their realization in cash and cash equivalents. The normal operating cycle of the company cannot be identified, it is assumed to have duration of 12 months.

In the last quarter of the financial year 2013-14, CFC Stanbic bank has appointed receivers for Karuturi Ltd, Rhea Holdings Ltd, Surya Holdings Ltd & Yeshoda Investments Ltd. The Company contested the appointment of the receivers and have been granted a stay on sale of Business/Farm of the company. However Karuturi Limited has received the winding up order on 30th March 2016.

## 1.3 Use of Estimates

The preparation of Consolidated Financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

## 1.4 Revenue Recognition

Revenue from Services consist primarily of revenue earned from services performed on a 'time and material' basis. The related revenue is recognized as and when the services are performed.

Export sales are accounted at the exchange rate prevailing on the date of sale.

Income by way of 'interest' is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income by way of 'dividend' is recognized when the Company's right to receive dividend is established.

Operating Lease rentals are accounted on the basis of period of lease.

Other income from the sale of duty credit scrip under Vishesh Krishi and Gram Udyog Yojana has been accounted on the basis of estimated realization of scrip's.

## 1.5 Property, Plant and Equipment:

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the consolidated Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:

- Plant and equipment is depreciated over the years based on the technical evaluation of useful life done by the management.

Freehold land is not depreciated.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Biological assets are stated at revalued amount, which is the fair value at the date of revaluation less any accumulated impairment losses. Fair value is determined by market based evidence by appraisal that is carried out by professionally qualified valuer. Revaluation of biological assets are carried out at sufficient regularity and any material differences are adjusted accordingly to ensure that the carrying value of the asset does not differ materially from the fair values determined as at balance sheet date.

Separately purchased intangible assets are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

#### **Capital work in progress:**

Capital work in progress is stated at cost and not depreciated until such time the assets are ready for intended use and transferred to respective category under property, plant and equipment.

#### **1.6 Depreciation**

- a) Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013 with the exception of the following:
- b) Plant and equipment is depreciated over the years based on the technical evaluation of useful life done by the management.
- c) Biological assets are not depreciated as the same is not covered in AS 6.

#### **1.7 Investments**

Investments, which are readily realizable and intended to be held for not more than 1 year from the date on which such investments are made, are classified as a Current Investments. All other investments are classified as non-current investments.

Current investments are carried at the lower of cost and quoted/fair value computed category wise.

Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.

#### **1.8 Goodwill on consolidation**

Goodwill represents the difference between the Group's share in the net worth of a subsidiary and the cost of acquisition. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital Reserve on consolidation represents negative goodwill arising on consolidation.

Goodwill arising out of acquisition of equity stakes in a subsidiary is amortized in equal amounts over a period of ten years.

#### **1.9 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **1.10 Foreign Currency Transactions**

Foreign currency transactions are generally recorded at the prevailing rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and exchange gain/loss is suitably dealt with in the Profit and Loss Account.

In accordance with the option given in the Ministry of Corporate Affairs Notification No. GSR 225(E) dated 31st March 2009 and amended from time to time the Exchange fluctuations arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, insofar as they relate to acquisition of a depreciable capital assets, is added to or deducted from the cost of the assets and will be depreciated over the balance life of the asset, and in other cases is accumulated in 'Foreign Currency Monetary Item Translation Difference Accounts' in the Company's financial statements and amortized over the balance period of such long term asset/liability but not beyond 31st march 2020, by recognition as income or expenses in each such of the period.

The assets and liabilities of foreign subsidiaries whose operations are of non-integral nature are translated at the closing exchange rates, the items of income and expense of foreign subsidiaries are translated at average exchange rate and resulting exchange difference are classified as cumulative translation adjustment and debited / credited to Foreign Currency Translation Reserve until the disposal of such operations.

#### **1.11 Inventory**

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a weighted average basis. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

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## 1.12 Employee Benefits

**Short Term Employee Benefits:** The company accounts for short term employee benefits viz., salary, bonus and other allowances as and when the services are rendered by employees i.e., on accrual basis of accounting and dues within 12 months.

### Defined Contribution Plan:

**Provident Fund:** Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

### Defined Benefit Plan:

**Gratuity:** The Company and its Indian subsidiaries provide for Gratuity, a defined benefit retirement plan (Gratuity Plan) covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the Company makes necessary and adequate provisions in the books of accounts. The consequent actuarial gain or loss is expensed in the period of accrual of gain or loss.

### Other Long term Benefits:

**Compensated Absence:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encased beyond 12 months from the end of the year end, are treated as other long term employee benefits. The Company's liability is actuarially determined using the Projected Unit Credit methods at balance sheet date. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

All the Retirement benefits and other long term benefits in respect of foreign subsidiaries are provided as required by the local laws.

## 1.13 Employee Stock Options

The options are valued, as per SEBI Guidelines "Employee Stock Option Plans/Employee Stock Purchase Plans", based on the fair market value of the shares on the date of grant. The difference between the fair market value of shares and the exercise price would be expensed off in the year of exercise of the options, net off any receipt of amount from the employee towards exercise of the options.

## 1.14 Earnings Per Share

Basic earnings per equity share are computed by dividing net profit after tax by weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and all dilutive potential equity shares.

## 1.15 Income Tax

Income tax expense for the year comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable/receivable on the taxable income/ loss for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years. Interest income/ expenses and penalties, if any, related to income tax are included in current tax expense.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority

## 1.16 Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss

recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### 1.17 Cash and Cash Equivalents.

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### 1.18 Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent Assets are not recognized in the Financial Statements.

### 1.19 Leases

#### Operating Lease:

**As a lessee:** The Company leases certain tangible assets where risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

**As a lesser:** The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

#### Finance lease:

Assets held under finance lease are included in the statement of financial position at cost less depreciation in accordance with the Company's normal accounting policies. Interest is charged to the profit and loss account over the period of the lease in proportion to the principal sum outstanding.

### 1.20 Operating Segment

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for preparing and presenting the financial statement of the Company as a whole.

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".

Karuturi Floritech Pvt Ltd, Karuturi Flower Express Pvt Ltd & Rhea Holdings Ltd have negative networth, but Promoter Companies have advanced sufficient funds to these companies to take care of the deficit. Also, Karuturi Sports Ltd & Karuturi Hospitals Ltd are Companies for employees welfare run by Karuturi Group, which also been taken care.

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## Note: 2.1

### SHARE CAPITAL

Particulars	31.03.2017		31.03.2016		1.04.2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>						
Equity shares of Re.1/- each	1,500,000,000	15,000.00	1,100,000,000	11,000.00	1,100,000,000	11,000.00
Subscribed, Issued and Paid Up: 1,49,75,31,526 Equity shares of Re.1/- each fully paid up	1,497,531,526	14,975.31	1,019,726,648	10,197.27	809,726,648	8,097.27
<b>Total</b>	<b>1,497,531,526</b>	<b>14,975.31</b>	<b>1,019,726,648</b>	<b>10,197.27</b>	<b>809,726,648</b>	<b>8,097.27</b>

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	31.03.2017		31.03.2016		1.04.2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Number of Equity Shares outstanding at the beginning of the year	1,019,726,648	10,197.27	809,726,648	8,097.27	809,726,648	8,097.27
Number of Equity Shares Issued during the year	-	-	210,000,000	2,100.00	-	-
On Preferential Allotment	477,804,878	4,778.05	-	-	-	-
<b>No. of Equity Shares outstanding at the end of the year</b>	<b>1,497,531,526</b>	<b>14,975.31</b>	<b>1,019,726,648</b>	<b>10,197.27</b>	<b>809,726,648</b>	<b>8,097.27</b>

#### b. Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs 1 per Share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Details of shares issued for consideration other than cash & shares bought back.

The company has not issued any shares for consideration other than cash & no shares have been bought back by the company.

#### d. Unpaid calls by directors/officer.

There is no unpaid call due from the directors and officers of the company.

#### e. The details of shareholder holding more than 5% equity shares are set below;

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Deutsche Bank A.G	75,000,000	5.01%	-	-	-	-
Elara India Opportunities Fund Ltd	48,707,241	3.25%	61,057,000	5.99%	61,057,000	7.54%

## 2.2 RESERVE AND SURPLUS

Particulars	31.03.2017	31.03.2016	1.04.2015
<b>General Reserve</b>			
Opening Balance	787.59	787.59	787.59
Add: Amount Transferred	46.19	-	-
Less: Amount utilised	(5,367.38)	-	-
<b>Closing Balance</b>	<b>(4,533.60)</b>	<b>787.59</b>	<b>787.59</b>
<b>Capital Reserve</b>			
Opening Balance	561.75	561.75	553.08
Add: Amount Transferred	1,117.50	-	8.67
Less: Amount utilised	(8.67)	-	-
<b>Closing Balance</b>	<b>1,670.58</b>	<b>561.75</b>	<b>561.75</b>
<b>Securities Premium Account</b>			
Opening Balance	72,412.04	69,937.04	69,937.04
Add: Received during the year	21,384.27	2,475.00	-
<b>Closing Balance</b>	<b>93,796.31</b>	<b>72,412.04</b>	<b>69,937.04</b>
<b>Revaluation Reserves</b>			
Opening Balance	6,484.74	6,118.91	5,875.38
Add: Amount Transferred	(146.08)	365.83	243.52
Less: Amount utilised	(10,593.86)	-	-
<b>Closing Balance</b>	<b>(4,255.21)</b>	<b>6,484.74</b>	<b>6,118.91</b>
<b>Share Options Outstanding Account</b>			
Opening Balance	29.45	25.01	20.58
Add: Amount Transferred during the year	-	4.44	4.44
Less: Deffered ESOP outstanding Account	29.45	-	-
Less: Deffered ESOP outstanding written back	-	-	-
<b>Closing Balance</b>	<b>-</b>	<b>29.45</b>	<b>25.02</b>
<b>Foreign Currency Translation Reserve</b>			
Opening Balance	502.98	3,513.05	13,723.37
Add: Amount Transferred during the year	8,445.65	15,005.06	4,931.45
Less:-Amount Utilised during the year	(6,804.42)	(18,015.13)	(15,141.76)
<b>Closing Balance</b>	<b>2,144.22</b>	<b>502.98</b>	<b>3,513.06</b>
<b>Legal Reserves</b>			
Opening Balance	17.79	17.79	17.79
Add: Amount Transferred	-	-	-
<b>Closing Balance</b>	<b>17.79</b>	<b>17.79</b>	<b>17.79</b>
<b>Surplus / (Deficit) balance in the Statement of Profit and Loss</b>			
Opening Balance *	105,827.13	90,457.43	87,120.61
Add: Profit for the Year	9,057.80	14,904.83	3,248.03
Add/Less: Amount transferred/utilised	5,031.55	464.87	(64.45)
Dividend Distribution Tax	-	-	153.25
<b>Closing Balance</b>	<b>109,853.38</b>	<b>105,827.13</b>	<b>90,457.44</b>
<b>Total</b>	<b>198,693.48</b>	<b>186,623.46</b>	<b>171,418.60</b>

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## 2.3 Long Term Borrowings

Particulars	31.03.2017		31.03.2016		1.04.2015	
	Non Current	Current	Non-Current	Current	Non-Current	Current
<b>A. Secured Loans</b>						
<b>1) From bank</b>						
Finance lease obligation(Refer note 2.3A)	-	-	-	-	-	-
Term loan	4,473.86	18,099.85	13,510.54	11,955.03	15,849.34	8,719.03
<b>2) From others</b>						
NHB Soft Loan(Refer note 2.3A)		178.56		178.56		174.55
<b>B. Unsecured</b>						
<b>1) From others</b>						
Foreign Currency Convertible Bonds (FCCB) (Refer note 2.3B)	-	-	24,473.43	16,247.61	22,188.65	15,468.87
Loans and advance from related parties(Refer note 2.3C)	1,130.42	-	915.65	-	5,955.65	-
Others	85.83	-	-	-	6,633.35	(17.64)
<b>Total</b>	<b>5,690.11</b>	<b>18,278.41</b>	<b>38,899.62</b>	<b>28,381.20</b>	<b>50,626.99</b>	<b>24,344.81</b>
Less: Current maturities of long term debt disclosed under other current liabilities. (Refer Note 2.9)	-	18,278.41	-	28,381.20	-	24,344.81
<b>Net Long term Borrowings</b>	<b>5,690.11</b>	<b>-</b>	<b>38,899.62</b>	<b>-</b>	<b>50,626.99</b>	<b>-</b>

### 2.3 A) Details of Secured Term Loans:

Sl. No.	Name of Bank/ Financial Institution	Details of Security	Amount of Outstanding			Repayment Terms
			31/3/2017	31/3/2016	1/4/2015	
1	Zemen Bank, Ethiopia	Charges on Green House of Ethiopian Meadows Plc and current assets of Ethiopia Meadows Plc & Surya Blossoms Plc	864.84	823.06	719.05	Monthly Rs. 18.63 lakhs payable, ending on May 2013
2	Axis Bank Ltd	Corporate Guarantee of Karuturi Global Ltd.,	8,688.37	13,598.24	12,831.11	Repayable in 10 equal installment commencing Dec 2014 and ending on June 2019
3	ICICI Bank Ltd	Personal Guarantee of Mr. Sai Ramakrishna Karuturi the promoter Residing, Corporate Guarantee from Karuturi Global Limited and Ethiopia and Kenya Subsidiary Companies.	-	6,094.34	5,750.53	Quarterly 938 lakhs payable
4	Lion Bank, Ethiopia	Hypothecation of Vehicles of Ethiopian Meadows PLC & Karuturi Agro Products PLC	170.74	146.73	106.78	Half yearly Rs. 42.53 lakhs payable ending Nov 13
5	Central Bank of India	Pari passu charge on current assets of Karuturi Flower Express Pvt Ltd	21.70	-	-	Repayable on demand
6	National Horticulture Board, Bangalore	Equitable Mortgage Leasehold Land, Bldg, Plant & Machinery at Doddaballapur	178.56	178.56	174.55	To be set off against deposits made by the company grouped under short term Loans and advances
7	CFC Stanbic Bank	Charge on Fixed assets & Currents assets of Karuturi Ltd, Kenya	-	2,881.50	3,250.92	Repayable on demand
8	Commercial Bank Of Ethiopia	Equitable mortgage of 25000 Ha of Land and Hypothecation of Vehicle at Karuturi Agro Products Plc	2,056.66	1,910.75	1,899.23	Repayable on demand
9	ICICI Bank Ltd, Bangalore	Charges on Fixed assets of Karuturi Foods Pvt Ltd.,	-	10.95	10.73	Quarterly 15 lakhs payable, ending on 15.10.2012
	<b>Total</b>		<b>11,980.87</b>	<b>25,644.13</b>	<b>24,742.90</b>	

### 2.3 B) Unsecured Debt:

This was converted into Equity as per SEBI & RBI Guidelines.

### 2.3 C) Details of Term Liabilities from Related Parties:

Sl. No.	Name of Person/ Company	Repayment Terms	Amount O/s as on 31-03-17	Amount O/s as on 31-03-16	Amount O/s as on 1-04-15
1	Anitha Karuturi*	Repayable in 2016-17	1,084.31	910.78	950.00
2	Rhea Holding Pvt. Ltd.,	Proposed to be converted into Convertible debentures	-	-	5,000.00
3	Anitha Realty Pvt. Ltd.,	Repayable in 2016-17	46.09	4.87	5.65
	<b>TOTAL</b>		<b>1,130.40</b>	<b>915.65</b>	<b>5,955.65</b>

\*Company is in default of Companies (Acceptance of Deposits) Rules, 1975 with respect to loans from Directors and is in the process of compounding the same.

### 2.4 DEFERRED TAX:

Deferred tax liability and asset are recognized based on timing difference using the tax rates substantively enacted on the Balance date. Deferred Tax Assets and Liabilities as on 31st March 2017 are as under:

Particulars	31.03.2017	31.03.2016	1.04.2015
<b>Deferred Tax Assets:</b>			
Opening Balance	721.35	3,049.64	3,029.54
Additions during the year	-	-	20.10
Deletion during the year	(384.34)	2,328.29	-
<b>Deferred Tax Assets:</b>	<b>1,105.69</b>	<b>721.35</b>	<b>3,049.64</b>
<b>Deferred Tax Liabilities:</b>			
Opening Balance	116.96	116.09	118.58
Additions during the year	-	-	-
Deletion during the year	8.99	(0.87)	2.49
<b>Deferred Tax Liabilities:</b>	<b>107.97</b>	<b>116.96</b>	<b>116.09</b>

Deferred Tax Assets and Deferred Tax Liabilities have not been offset as they relate to the same governing taxation laws

### 2.5 OTHER LONG TERM LIABILITIES:

Particulars	31.03.2017	31.03.2016	1.04.2015
Land Lease Payable	2,051.76	2,222.59	2,209.14
<b>Total</b>	<b>2,051.76</b>	<b>2,222.59</b>	<b>2,209.14</b>

### 2.6 LONG TERM PROVISIONS:

Particulars	31.03.2017	31.03.2016	1.04.2015
Gratuity (Unfunded)	69.36	76.47	79.18
Compensated absence (Unfunded)	3.78	5.42	5.41
<b>Total</b>	<b>73.14</b>	<b>81.89</b>	<b>84.59</b>

### 2.7 SHORT TERM BORROWINGS:

Particulars	31.03.2017	31.03.2016	1.04.2015
<b>Secured</b>			
<b>Working capital facilities from Bank</b>			
Working capital facilities (refer note 2.7A)	15,766.40	29,891.22	23,145.68
From Bank/Bank O.D (refer note 2.7A)	2,982.58	21.70	21.70
Other short term loans (refer note 2.7A)	-	-	816.38
	<b>18,748.97</b>	<b>29,912.92</b>	<b>23,983.76</b>
<b>Unsecured</b>			
Inter Corporate Deposits	601.42	651.42	719.67
Loans and advances from related parties	1,127.14	305.21	2,664.77
	<b>1,728.56</b>	<b>956.63</b>	<b>3,384.44</b>
<b>Total</b>	<b>20,477.53</b>	<b>30,869.55</b>	<b>27,368.20</b>



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## 2.7 A Details of Security of Short Term Borrowings.

Sl. No	Name of Bank/ Financial Institution	Details of Security	Amount O/s			Repayment Terms
			31.03.17	31.03.16	1.04.2015	
<b>Term Loan-Secured</b>						
1	Axis Bank, Dubai	Corporate Guarantee of Karuturi Global Ltd	14,486.18	14,820.04	13,798.01	Repayable on demand
2	ICICI Bank , Dubai	Pari passu charge on the current assets of the respective Companies funded by the bank.	-	6,633.29	6,259.08	Repayable on demand
3	ICICI Bank , Dubai	Personal Guarantee of Mr. Sai Ramakrishna Karuturi the promoter Residing, Corporate Guarantee from Karuturi Global Limited and Ethiopia and Kenya Subsidiary Companies.	-	435.31	410.75	Repayable on demand
4	Axis Bank Ltd	Charge on Current assets, land & building and other fixed assets of Karuturi Foods Pvt Ltd	-	1,445.17	1,850.00	Repayable on demand
5	Central Bank of India	Pari passu charge on current assets of Karuturi Flower Express Pvt Ltd	-	21.70	21.70	Repayable on demand
6	Axis Bank Ltd	Pari passu charge on current assets of Karuturi Global Ltd, India	1,280.21	1,149.77	1,238.61	Repayable on demand
7	Axis Bank Ltd	Pari passu charge on current assets & fixed assets of Karuturi Global Ltd, India	-	3,362.92	-	Repayable on demand
8	Axis Bank Ltd	Pari passu charge on current assets & fixed assets of Karuturi Global Ltd, India	-	2,044.74	-	Repayable on demand
9	Lion Bank	Hypothecation of Vehicles of Ethiopian Meadows Plc & Karuturi Agro Products Plc	-	-	53.27	
10	Zemen Bank	Charge on Surya Blossoms PLC assets	-	-	352.36	Repayable on demand
<b>Total</b>			<b>15,766.39</b>	<b>29,912.94</b>	<b>23,983.78</b>	

## 2.8 TRADE PAYABLES:

Particulars	31.03.2017	31.03.2016	01.04.2015
- Due to micro and small enterprises*	-	-	-
- Others creditors**	15,865.66	14,086.08	17,591.54
<b>Total</b>	<b>15,865.66</b>	<b>14,086.08</b>	<b>17,591.54</b>

\* As per the information available with the company

\*\* Balances in parties accounts are subject to reconciliation / confirmation and adjustment consequent to such reconciliation, if any.

## 2.9 OTHER CURRENT LIABILITIES:

Particulars	31.03.2017	31.03.2016	01.04.2015
Current Maturities of Long term Debt (refer note 2.3)	18,278.42	28,381.19	24,344.79
Advance Received From Customers	374.10	20.10	124.71
Interest accrued but not due	-	1,003.18	309.77
Unpaid Dividends	18.31	18.31	23.68
Statutory Remittances	361.42	543.31	1,379.54
Liability for Expenses	5.45	86.77	365.10
Employee benefits payable	428.97	431.69	410.39
Accruals	54.20	59.57	85.02
Other Payables	5,492.36	5,466.45	6,606.44
<b>Total</b>	<b>25,013.23</b>	<b>36,010.58</b>	<b>33,649.45</b>

## 2.10 SHORT TERM PROVISIONS:

Particulars	31.03.2017	31.03.2016	01.04.2015
<b>Employee Benefits</b>			
Gratuity (Unfunded) (refer note 3.2)	-	3.51	3.51
Compensated absence (Unfunded) (refer note 3.2)	-	4.47	4.58
Provision for Bonus	-	6.62	6.62
Others			
Provision for Taxation (Net)	303.21	188.37	2,419.51
<b>Total</b>	<b>303.21</b>	<b>202.97</b>	<b>2,434.22</b>

2.11 Fixed Assets														
Particulars	Gross Block					Accumulated Depreciation					Net Block			
	As at 1 April 2016	Additions	Other Adjustment	Sub total	Disposals	Adjustment (Foreign Currency Tyn)	As at 31 March 2017	As at 1 April 2016	Depreciation charge for the year	Disposal through demergers	Deductions/Other adjustments	FCTR	As at 31 March 2017	As at 31 March 2016
<b>Tangible Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	172,111.58	164.20	-	172,275.79	(4,256.85)	(4,091.04)	163,227.90	4,301.79	758.07	-	(3,068.64)	(60.12)	1,931.10	155,744.29
Plantation	28,336.54	-	267.08	28,603.62	(7,767.96)	(1,589.40)	19,246.26	127.30	-	-	-	-	127.30	28,523.77
Buildings	5,423.25	-	-	5,423.25	(500.01)	(2,520.71)	2,403.52	1,094.25	81.24	(123.72)	-	(719.77)	322.50	2,070.02
Green House	47,404.43	-	-	47,404.43	-	(6,476.55)	40,927.88	12,861.93	2,271.22	-	3,566.22	(2,414.46)	16,384.91	36,557.55
Motor Vehicle	963.22	-	-	963.22	(26.74)	(307.13)	629.35	647.19	94.27	(5.65)	(2.92)	(219.46)	513.43	351.31
Office Equipment	4.66	-	-	4.66	-	(0.06)	4.60	2.69	0.21	-	-	-	2.90	1.70
Plant & Machinery	39,610.56	3,001.11	(71.03)	42,540.64	(384.86)	(3,366.75)	38,789.03	8,141.56	933.68	(171.60)	(221.09)	(1,038.28)	7,644.27	31,144.76
Furniture & Fixtures	638.37	-	(0.00)	638.37	-	(262.33)	376.04	359.46	40.92	-	11.63	(170.01)	242.00	134.04
Computers	271.39	-	-	271.39	-	(161.22)	110.17	268.55	1.13	-	-	(156.20)	113.47	(3.30)
Other (Specify nature)	52.42	-	-	52.42	-	(4.03)	48.39	12.36	-	-	-	(0.95)	11.41	36.98
<b>Total</b>	<b>294,816.42</b>	<b>3,165.32</b>	<b>196.05</b>	<b>298,177.79</b>	<b>(12,936.42)</b>	<b>(18,779.22)</b>	<b>266,462.15</b>	<b>27,817.58</b>	<b>4,280.75</b>	<b>(300.97)</b>	<b>285.20</b>	<b>(4,779.26)</b>	<b>27,303.29</b>	<b>239,158.86</b>
<b>Previous Year</b>	<b>279,467.92</b>	<b>35.12</b>	<b>3,641.11</b>	<b>283,142.15</b>	<b>(119.37)</b>	<b>11,793.65</b>	<b>294,816.42</b>	<b>21,714.81</b>	<b>2,834.98</b>	<b>(4.26)</b>	<b>284.20</b>	<b>3,006.39</b>	<b>27,817.58</b>	<b>265,998.85</b>
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	5,599.70	-	-	5,599.70	(5,663.58)	63.88	-	4,830.67	-	-	-	55.11	-	769.03
Brands / Trademarks	6.30	-	-	6.30	-	-	6.30	5.99	-	-	-	-	5.99	0.31
Computers Software	4.31	-	-	4.31	-	-	4.31	4.12	-	-	-	-	4.12	0.18
<b>Total</b>	<b>5,610.31</b>	<b>-</b>	<b>-</b>	<b>5,610.31</b>	<b>(5,663.58)</b>	<b>63.88</b>	<b>10.61</b>	<b>4,840.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.11</b>	<b>10.11</b>	<b>0.49</b>
<b>Previous Year</b>	<b>5,416.89</b>	<b>-</b>	<b>-</b>	<b>5,416.89</b>	<b>-</b>	<b>103.42</b>	<b>5,610.31</b>	<b>3,341.96</b>	<b>1,481.34</b>	<b>-</b>	<b>17.49</b>	<b>4,840.78</b>	<b>769.53</b>	<b>2,074.93</b>
<b>Intangible assets under Capital WIP</b>	<b>11,644.04</b>	<b>-</b>	<b>231.37</b>	<b>11,875.41</b>	<b>-</b>	<b>(904.85)</b>	<b>10,970.56</b>	<b>-</b>	<b>75.81</b>	<b>-</b>	<b>227.42</b>	<b>(19.34)</b>	<b>283.89</b>	<b>10,686.67</b>
<b>Total</b>	<b>312,070.77</b>	<b>3,165.32</b>	<b>427.42</b>	<b>315,663.52</b>	<b>(18,600.00)</b>	<b>(19,620.19)</b>	<b>277,443.32</b>	<b>32,658.36</b>	<b>4,356.55</b>	<b>(300.97)</b>	<b>512.62</b>	<b>(4,743.49)</b>	<b>27,597.30</b>	<b>249,846.03</b>
<b>Previous Year</b>	<b>295,998.86</b>	<b>492.55</b>	<b>3,641.11</b>	<b>300,132.52</b>	<b>(129.98)</b>	<b>12,068.13</b>	<b>312,070.77</b>	<b>25,056.77</b>	<b>4,316.32</b>	<b>(4.26)</b>	<b>284.20</b>	<b>3,023.87</b>	<b>32,658.36</b>	<b>279,412.41</b>

- Capital Work in Progress consists of the expenditure incurred pertaining to the agriculture project at Gambella, Ethiopia. Since the project is not yet completed & commercial production has not started yet all the pre-operational expenses pertaining to the same are included in CWIP.
- Depreciation for the unused assets have not been taken into accounts for the assets lying in Ethiopia.
- The title in respect of free hold land acquired by the company at a cost of Rs. 183,877 akhs is held in the name of Mr. Anil Tumu, a relative of KMP person. An irrevocable undertaking from him not to encumber or alienate the land has been recorded. As the Karnataka Land Reforms Act, prohibits ownership by person other than individuals, he is holding the same as nominee of the company.
- The registration of a vehicle owned by the company at a cost of Rs. 42 Lakhs is registered in the name of the Managing Director of the Company.

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### 2.12 NON CURRENT INVESTMENTS:

Particulars	31.03.2017	31.03.2016	1.04.2015
Investment in Equity instruments	1.20	1.20	-
Kotak Mahindra Realty fund-HNI Fund	59.35	78.23	112.13
<b>Total</b>	<b>60.55</b>	<b>79.43</b>	<b>112.13</b>

### 2.13 LONG TERM LOANS AND ADVANCES:

Particulars	31.03.2017	31.03.2016	1.04.2015
Balance with Government Authorities	929.89	929.89	929.89
Prepaid Expenses	674.32	730.31	731.49
Other receivable/advances	-	-	-
<b>Total</b>	<b>1,604.21</b>	<b>1,660.20</b>	<b>1,661.38</b>

### 2.14: OTHER NON CURRENT ASSETS:

Particulars	31.03.2017	31.03.2016	1.04.2015
Trade and security Deposits/ land devp exps*	20.97	57.76	55.02
Leasehold Land Deposits	240.00	333.95	240.00
FD Maturity more tan 12 months	2.34	2.34	2.18
Other Non-current Deposits	68.34	68.61	70.43
<b>Total</b>	<b>331.66</b>	<b>462.65</b>	<b>367.62</b>

### 2.15 : INVENTORIES:

Particulars	31.03.2017	31.03.2016	1.04.2015
Raw Materials and components (Valued at Cost or market price which ever is lower using FIFO method)	455.01	3,064.04	1,273.63
Work-in-progress (Valued at Net realisable value basis)	80.96	721.66	550.29
Finished goods (Valued at Net realisable value basis)	169.42	19.71	470.99
stock in trade (Valued at Cost or market price which ever is lower using FIFO method)	8.43	-	8.01
<b>Total</b>	<b>713.82</b>	<b>3,805.41</b>	<b>2,302.92</b>

### 2.16: TRADE RECEIVABLES::

Particulars	31.03.2017	31.03.2016	1.04.2015
<b>Debts outstanding for period exceeding six months from the date it became due</b>			
Secured, considered good	-	-	-
Unsecured, considered good	10,737.47	12,829.86	12,770.73
Unsecured, considered doubtful	645.09	558.27	427.17
Unsecured, considered good - Related party	-	-	-
Less: Provision for doubtful debts	(645.09)	(558.27)	(427.17)
	<b>10,737.47</b>	<b>12,829.86</b>	<b>12,770.73</b>
<b>Other debts (related parties)</b>			
Secured, considered good	-	-	-
Unsecured, considered good	-	1,612.58	3,541.46
Unsecured, considered doubtful	-	-	17.60
Unsecured, considered good - Related party	-	-	-
Less: Provision for doubtful debts	-	-	(17.60)
	-	<b>1,612.58</b>	<b>3,541.46</b>
<b>Total</b>	<b>10,737.47</b>	<b>14,442.44</b>	<b>16,312.19</b>

Balances in parties accounts are subject to reconciliation / confirmation and adjustment consequent to such reconciliation, if any.

### 2.17: CASH AND CASH EQUIVALENTS:

Particulars	31.03.2017	31.03.2016	1.04.2015
Cash on hand	23.96	130.98	30.16
Balance with banks	794.35	8.87	280.30
Current Account	-	-	-
<b>Fixed Deposit</b>			
Deposits with maturity more than 3 months but less than 12 months	983.45	1,026.51	929.32
<b>Margin Deposit</b>			
Deposits with maturity more than 3 months but less than 12 months	1,476.29	1,510.29	1,425.15
Unpaid Dividend account	17.55	20.09	25.46
<b>Total</b>	<b>3,295.60</b>	<b>2,696.74</b>	<b>2,690.39</b>

**2.18: SHORT TERM LOANS AND ADVANCES:**

Particulars	31.03.2017	31.03.2016	1.04.2015
Loans and advances to related parties*	247.33	6,046.69	2,910.39
Unsecured, considered good	-	-	-
Advance to Staff	369.26	377.64	122.19
Advance For Business / Purchases / Suppliers	9,406.69	5,561.67	8,366.21
Subsidy/ Export Incentive Receivable	-	-	-
Statutory Receivables	193.03	387.10	311.05
Security Deposits	215.58	181.90	178.97
Prepaid Expenses	49.48	72.36	535.82
Other Receivables	2,256.00	2,443.92	3,007.61
<b>Total</b>	<b>12,737.36</b>	<b>15,071.27</b>	<b>15,432.23</b>

**\*Loans and advances to related parties are as follows:**

Particulars	31.03.2017	31.03.2016	1.04.2015
Sai Ramakrishna Karuturi	18.57	20.12	19.97
Karuturi Real Estate Plc	-	174.16	172.86
Karuturi Telecom Pvt Ltd	15.55	-	-
Simply Class Fashions Pvt Ltd	38.57	-	-
Sher Karuturi BV	-	5,852.42	2,601.83
Rhea Holdings Pvt Ltd	174.64	-	115.73
<b>Total</b>	<b>247.33</b>	<b>6,046.69</b>	<b>2,910.38</b>

**2.19: OTHER CURRENT ASSETS:**

Particulars	31.03.2017	31.03.2016	1.04.2015
Subsidy / Export incentive accrued	93.21	124.99	147.15
Deferred Land Development Expenses	-	5.18	7.77
Accrued Income	-	-	-
Others	374.32	831.48	573.03
<b>Total</b>	<b>467.53</b>	<b>961.65</b>	<b>727.95</b>

**2.20 : REVENUE FROM OPERATIONS (NET)**

Particulars	31.03.2017	31.03.2016
Sale of agricultural produce*	11,023.20	25,644.51
Sale of trading products	11,558.40	7,321.12
Sale of services	-	-
Other Incomes (Rentals)	31.16	184.14
<b>Total</b>	<b>22,612.76</b>	<b>33,149.77</b>

\* Flower, Agricultural products

**2.21: OTHER INCOME:**

Particulars	31.03.2017	31.03.2016
<b>Dividend from Investment</b>		
Dividend Income from Long term investments	(0.52)	12.89
Interest		
From Fixed Deposits, Income tax, other interest	5.65	16.74
Profit on sale of investments	-	-
Income from sports and sponsorship	-	-
Rental & Other Income	40.51	98.55
Creditors Written Back	8,844.22	15.12
Insurance Claim	15.96	-
Miscellaneous income	36.41	-
Subsidy/ Export Incentive	-	-
Exchange Gain	-	1,286.80
<b>Total</b>	<b>8,942.24</b>	<b>1430.10</b>

**2.22: COST OF MATERIAL CONSUMED:**

Particulars	31.03.2017	31.03.2016
<b>Raw materials and Packing materials consumed</b>		
Opening stock *	1,172.67	1,200.74
Add: Purchases	4,196.17	6,242.01
Less: Closing stock	455.75	1,172.67
<b>Cost of Materials Consumed</b>	<b>4,913.09</b>	<b>6,270.09</b>
Cost of Services rendered	-	-
<b>Total</b>	<b>4,913.09</b>	<b>6,270.09</b>

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### 2.23: PURCHASE OF STOCK IN TRADE:

Particulars	31.03.2017	31.03.2016
Purchase of Traded goods	7,465.46	8,265.64
<b>Total</b>	<b>7,465.46</b>	<b>8,265.64</b>

### 2.24: CHANGE IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE:

Particulars	31.03.2017	31.03.2016
<b>Opening stock</b>		
Finished goods*	8.65	372.69
Work-in-progress - Plant and Agri	801.66	550.29
Stock in trade	10.26	8.01
	<b>820.56</b>	<b>930.98</b>
<b>Less: Closing Stock</b>		
Finished goods**	8.19	8.65
Work-in-progress	80.96	801.66
Stock in trade	8.43	10.26
	<b>97.57</b>	<b>820.57</b>
<b>Change In Inventory of finished Goods, WIP</b>	<b>722.99</b>	<b>110.42</b>

Particulars	31.03.2017	31.03.2016
<b>* Details of Opening stock of Finished Goods:</b>		
Plant and Plant materials	2.64	2.64
Flowers	6.00	370.05
<b>Sub-Total</b>	<b>8.64</b>	<b>372.69</b>
<b>** Details of Closing stock of Finished Goods:</b>		
Plant and Plant materials	0.72	2.64
Others	7.46	6.00
<b>Sub-Total</b>	<b>8.19</b>	<b>8.64</b>

### 2.25: EMPLOYEE BENEFIT EXPENSES:

Particulars	31.03.2017	31.03.2016
Salary, Allowances and Termination Benefits	217.46	1,262.18
Contribution to Provided Fund	0.87	0.93
Staff Welfare Expenses	0.74	1.21
<b>Total</b>	<b>219.07</b>	<b>1,264.31</b>

### 2.26: FINANCE COST:

Particulars	31.03.2017	31.03.2016
Interest on Working Capital & Term Loan/Borrowings	872.65	1,748.46
Other Bank Charges	61.85	17.51
Interest on Corporate Deposits	-	-
Interest or Amortisation of FCCB*	-	3,349.31
Interest on Finance Lease Obligation	-	-
Other Financial Charges	2.13	431.24
<b>Total</b>	<b>936.63</b>	<b>5,546.52</b>

**2.27: OTHER EXPENSES:**

Particulars	31.03.2017	31.03.2016
Advertisement Expenses	4.49	6.28
Auction Exps/other manufacturing exps	783.30	857.66
Auditors Remuneration	12.12	19.20
Business Promotion Expenses	172.36	1.13
Commission & Brokerage	6.01	6.76
Custodian & Exchange Listing fees	18.84	16.38
Directors Sitting Fees	0.98	1.09
Exchange (Gain) / Loss	(0.25)	-
Freight, Clearing, Forwarding & Unpacking Charges	2,766.53	4,861.65
General Expenses	39.77	388.96
Insurance	1.49	10.43
Loss on sale/Discard of assets	100.09	-
Power Charges Others	24.62	28.41
Printing & Stationery	1.95	3.15
Professional charges and Membership Fee	48.72	305.32
Provision for bad debt written off/Bad Debts	3.30	30.09
Rates & Taxes	7.97	25.20
Rent	40.70	43.44
Repairs & Maintenance - Machinery	27.91	20.33
Repairs & Maintenance - Others	15.93	5.95
Telephone, Postage & Courier Charges	4.07	9.13
Traveling and conveyance	33.01	50.97
Vehicle Maintenance	11.05	18.53
<b>Total</b>	<b>4,124.94</b>	<b>6,710.06</b>

**2.28: EXCEPTIONAL ITEMS:**

Particulars	31.03.2017	31.03.2016
Exceptional items	0.44	1,541.03

**Treatment of Foreign Currency Monetary Translation Reserve (FCMTR)**

During the year Company nothing is been converted from loans and advances made to Karuturi Overseas Ltd (KOL), Dubai a wholly owned subsidiary to Equity investment.

**2.29: EXTRAORDINARY ITEMS:**

Particulars	31.03.2017	31.03.2016
Profit on Sale of fixed assets	-	11.52

**2.30: PRIOR PERIOD ITEMS:**

Particulars	31.03.2017	31.03.2016
Foreign Exchange Gain/Loss on account of Borrowing cost	-	-
Reversal of Exchange Gain for Prior Years	-	-
Other Incomes	(68.26)	(11,381.43)
Other Expenses	-	-
<b>Total</b>	<b>(68.26)</b>	<b>(11,381.43)</b>

**3.0 OTHER DISCLOSURES:**
**3.1 Contingent liabilities and commitments (to the extent not provided for)**

Particulars	31.03.2017	31.03.2016
<b>Contingent Liabilities</b>		
Disputed Income tax dues (refer note a below)	41,593.36	39,767.19
Disputed Service tax dues	172.60	172.60
Disputed Cases (refer note b below)	57.50	57.50
Disputed Entry tax	6.41	6.41
<b>Total</b>	<b>41,829.87</b>	<b>40,003.70</b>

- a) The Company has received a demand for Rs. 863.44 Lakh for AY 2005-06, Rs. 792.71 Lakhs for AY 2006-07, Rs. 1850.91 Lakh for AY 2007-08, Rs. 19303.07 Lakhs (outstanding Rs. 18361.60 Lakhs) for AY 2008-09, Rs. 3254.27 for AY 2009-10, Rs. 4830.70 Lakhs for AY 2010-11, Rs. 3610.00 Lakhs for AY 2011-12, Rs. 5472.63 Lakhs for AY 2012-13 and Rs. 1615.63 lakhs for AY 2013-14 due to certain additions and disallowances made by the Assessing Authorities. The same has been disputed by the Company before the Appellate Authorities and is confident of obtaining a favorable response in the appeal.
- b) The Company has entered into a sale agreement with Convergent Technologies Pvt Ltd., for sale of one of its wholly owned subsidiary Karuturi Telecom Pvt. Ltd., where as the Company is suppose to receive Rs.330 lakhs out of which the company has reveived a sum of Rs.57.50 Lakhs only and have failed to receive the balance amount of Rs.272.50 lakhs. In this regard the Company has filed a case against Convergent Technologies Pvt Ltd. and case is pending before the High Court of Karnataka
- c) The Income Tax Department has seized bank accounts of the company during the year 2012-13 due to pending disputes.

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### 3.2 EMPLOYEE BENEFITS:

#### a) Defined Contribution Plan:-

During the year the Company has recognized the following amounts in the Statement of Profit And Loss:-

Particulars	31.3.2017	31.3.2016
Employer's contribution to Provident Fund	0.74	0.80
<b>Total</b>	<b>0.74</b>	<b>0.80</b>

#### b) Defined Benefits Plan:-

Short term employee benefits such as salary, allowances and bonus are accounted on accrual basis of accounting and based upon the laws applicable. Termination benefits (Gratuity) is provided on the basis of actuarial valuation. The actuarial gain or loss is considered in the Profit and Loss Account of the period in which it accrues.

#### Change in present value of obligation:

Particulars	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the beginning of the period	7.50	7.60		
Acquisition Adjustment	-	-		
Interest Cost	-	0.39		
Past Service Cost	-	-		
Current Service Cost	-	1.11		
Curtailement Cost	-	-		
Settlement Cost	-	-		
Benefits Paid	(0.63)	(6.95)		
Actuarial (gain)/loss on obligation	-	5.35		
<b>Present Value of Obligation as at the end of period (31st March 2017)</b>	<b>6.87</b>	<b>7.50</b>	<b>1.42</b>	<b>0.89</b>

#### The amounts recognized in Balance Sheet:

Particulars	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present Value of obligation as at the end of the period	6.87	7.50	1.42	0.89
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded Status	(6.87)	(7.50)	(1.42)	(0.89)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
<b>Net Asset/(Liability) recognized in balance sheet</b>	<b>(6.87)</b>	<b>(7.50)</b>	<b>(1.42)</b>	<b>(0.89)</b>

#### Expense recognized in the Statement of Profit and Loss:

Particulars	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Current Service Cost	-	1.11	0.42	-
Past Service Cost	-	-	-	-
Interest Cost	-	0.39	0.11	-
Expected return on plan assets	-	-	-	-
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(0.63)	5.35	-	-
<b>Expenses recognized in the statement of profit &amp; loss under employee costs</b>	<b>(0.63)</b>	<b>6.85</b>	<b>0.53</b>	<b>-</b>



### Actuarial Assumptions:

Particulars	Percentage	Percentage
Interest Rate	7.50%	8.25%
Discounting Rate	7.50%	8.25%
Future Salary increase are considered taking into account inflation, seniority promotions and other relevant factors.	6.00%	5.00%
Expected Rate of return on plan assets	0%	0%

### Demographic Assumptions:

Particulars	2016-17	2015-16
Retirement Age	60 years	58 years
Mortality Table	IALM (2006-08) duly modified	IALM (2006-08) duly modified
Attrition rate	20%	20%

The company does not have any Gratuity Fund and in view of this and other external and internal factors, estimates of the amount of funding for the ensuing year are not determinable.

### c) Amounts for the current and previous periods are as follows:

Description	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Gratuity</b>					
Defined Benefit Obligation	68.70	74.99	75.99	28.60	56.54
Planned asset	-	-	-	-	-
(Surplus)/Deficit	(6.30)	53.50	32.40	28.80	(16.53)
Experience adjustments in plan liabilities	(6.30)	53.50	32.40	28.80	(16.53)
Experience adjustments in plan assets	-	-	-	-	-
<b>Compensated absences</b>					
Defined Benefit Obligation	-	-	-	-	9.34
Planned asset	-	-	-	-	-
(Surplus)/Deficit	-	-	-	-	(20.60)
Experience adjustments in plan liabilities	-	-	-	-	(20.60)
Experience adjustments in plan assets	-	-	-	-	-

In case of provision for employee benefits pertaining to employees in subsidiaries outside India has not been determined by Actuarial Valuation. However, the same has been arrived based on management estimate.

### 3.5 EARNINGS PER SHARE:

In accordance with the Indian Accounting Standard (Ind AS-33) on "Earnings per Share"  
Computation of Basic and Diluted Earnings Per Share is as under:

Particulars	2016-17	2015-16
a) Net Profit for Basic Earnings Per Share as per Profit & Loss a/c	9,057.80	3,246.89
b) Weighted average number of Equity shares for Earnings Per Share computation:		
i) Number of Equity shares at the beginning of the year	1,019,726,648	1,019,726,648
ii) Number of Shares allotted during the year	477,804,878	-
iii) Weighted average shares allotted during the year	-	-
iv) Number of potential equity shares	-	-
v) Weighted Average for:		
- Basic Earnings Per Share	1,497,531,526	1,019,726,648
- Diluted Earnings Per Share	1,497,531,526	1,019,726,648
c) Earnings Per Share – Before Extra-ordinary Items		
- Basic (Rs.)	0.60	0.32
- Diluted (Rs.)	0.60	0.32
d) Earnings Per Share – After Extra-ordinary Items		
- Basic (Rs.)	0.60	0.32
- Diluted (Rs.)	0.60	0.32
e) Face Value Per Share	Re 1/-	Re 1/-



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### 3.6 RELATED PARTY TRANSACTIONS:

A) As per Indian Accounting Standard-24 (IndAS-24)- Related Party Disclosures', as notified by the Rules, the disclosures of transactions with the related parties as defined in the accounting standard are given below.

Name of Party	Nature of relationship
Sai Ramakrishna Karuturi	KMP
Anitha Karuturi	KMP
Anitha Reality Private Limited	KMP interested company.
Rhea Holdings Pvt Ltd	KMP interested company.
Horticulture Synergies	KMP Interested Firm
Premier Tobacco Packers Pvt. Ltd.	KMP interested company.
Nagesh Karuturi	Relative of KMP
Anil Tumu	Relative of KMP

(KMP = Key Management Person).

B) Karuturi Global Ltd has transactions with concerns/ companies wherein the directors are interested. Summary of the transactions with the above related parties is as follows: (Negative Figures indicates credit balance).

#### KMP

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Sai Ramakrishna Karuturi	2016-17	(1,196.08)	7.01	-	(1,203.09)
	2015-16	(1,089.75)	106.33	-	(1,196.08)
Anitha Karuturi	2016-17	(1,085.55)	28.37	1.23	(1,112.69)
	2015-16	(1,144.34)	212.03	270.82	(1,085.55)

#### Relative of KMP

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Anil Tumu	2016-17	-	1.02	-	(1.02)
	2015-16	-	-	-	-

#### KMP Interested Firm

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Horticulture Synergies	2016-17	36.79	-	-	36.79
	2015-16	36.79	-	-	36.79

#### KMP Interested Firm

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Rhea Holdings Private Ltd.	2016-17	-	132.19	306.84	(174.65)
	2015-16	5,000.00	549.08	(5,549.08)	-
Anitha Realty Private Ltd.	2016-17	(4.87)	49.66	8.43	(46.10)
	2015-16	(5.65)	0.15	0.93	(4.87)

### 3.7 SEGMENT INFORMATION:

The Company's predominant income is from a single segment namely agriculture and hence disclosure of primary segment wise information is not applicable under Indian Accounting Standard 108 "Operating Segment" (Ind AS-108).

<b>Segment Information:</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Segment Revenue - External Turnover</b>		
- Within India	2,369.78	3,123.74
- Outside India	29,185.21	31,517.62
<b>Total Revenue</b>	<b>31,555.00</b>	<b>34,641.37</b>
<b>Segment Assets</b>		
- Within India	(55,169.80)	(17,582.37)
- Outside India	338,421.20	336,890.32
<b>Total Assets</b>	<b>283,251.40</b>	<b>319,307.95</b>
<b>Segment Liability</b>		
Within India	10,901.02	56,025.80
Outside India	59,400.46	66,464.44
<b>Total Liability</b>	<b>70,301.47</b>	<b>122,490.25</b>

### 3.8 Foreign Currency Translation Reserve:

The assets and liabilities of overseas non-integral operations are translated at the closing exchange rates and the items of income and expenses at average exchange rate and the same were being debited / credited to Foreign Currency Translation Reserve until the disposal of such operations.

**In the Consolidated Financial Statements, there are five currencies consolidated.**

<b>Particulars</b>	<b>Closing Rates</b>		<b>Average Rates</b>	
	<b>31.03.2017</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
Dollar	64.8386	66.3329	67.0896	65.4611
Birr	2.8368	3.0730	3.0301	3.1182
Kshs	0.6505	0.6505	0.6492	0.6492
Euro	75.0955	75.0955	72.3079	72.3079
AED (to USD)	3.6750	3.6750	3.6750	3.6750

3.9 Previous year's figures have been reworked, regrouped, rearranged and re-classified wherever necessary. Figures in bracket relates to previous year.

As Per our Report of even date attached

**For G G Patil and Co.**  
Chartered Accountants  
Firm Regn. No. 008798S

**Iranna C Sadashiv**  
Partner  
M. No. 225513

Place : Bangalore  
Date: 30/05/2017

**For and on behalf of Board**

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Director

Place : Bangalore  
Date: 30/05/2017



**KARUTURI GLOBAL LIMITED**

Registered Office: # 204, Embassy Centre, 11, Crescent Road, Bangalore– 560001  
CIN: L01122KA1994PLC016834

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the Twentieth Annual General Meeting of the Company at Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore-560001 at 11.00 A.M on 27th September 2017 and at any adjournment thereof.

Name \_\_\_\_\_

Address \_\_\_\_\_

Regd.Folio. No \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Client I.D.No \_\_\_\_\_ DP. ID. No \_\_\_\_\_

Name of Proxy/Representative, if any \_\_\_\_\_

Signature of the Shareholder(s)/Proxy/Representative \_\_\_\_\_



**KARUTURI GLOBAL LIMITED**

# 9/56,1st Cross,8th Main, Sadashivanagar, Upper Palace Orchards, Bangalore-80  
CIN: L01122KA1994PLC016834

**Form No. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No/ Client Id : DP ID : \_\_\_\_\_

I/We, being the member (s) of ..... shares of the above named company, hereby appoint.

1. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_  
or failing him \_\_\_\_\_
2. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_  
or failing him \_\_\_\_\_
3. Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Signature : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on the 27th day of September 2017 at 11:00 A.M. at Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore-560001 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Description	Type of resolution (Ordinary / Special)	I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
1.	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017.	Ordinary		
2.	To Re appoint Mrs. Anitha Karuturi who retires by rotation and being eligible offers herself for reappointment	Ordinary		
3.	Appointment of Messrs H. Muralidhar & Co., as the Statutory Auditor of the Company..	Ordinary		
4.	Appointment of Yeshoda Karuturi as executive Director of the Company	Ordinary		
5.	Appointment of Ashok Herur as Independent Director of the Company	Ordinary		
6.	Consolidation of Equity share Capital of Company	Special		
7.	Alteration Of Memorandum Of Association Of The Co.	Special		
8.	Alteration Of Articles Of Association Of The Company.	Special		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy Holder(s): \_\_\_\_\_