



## Karuturi Global Limited

Office : # 204, Embassy Center, 11, Crescent Road, Bangalore - 560 001, INDIA

Tel : 0091 80 23085300 • E-mail : info@karuturi.com

url : karuturi.com • CIN : L01122KA1994PLC016834

04/10/2018

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 31-03-2018**

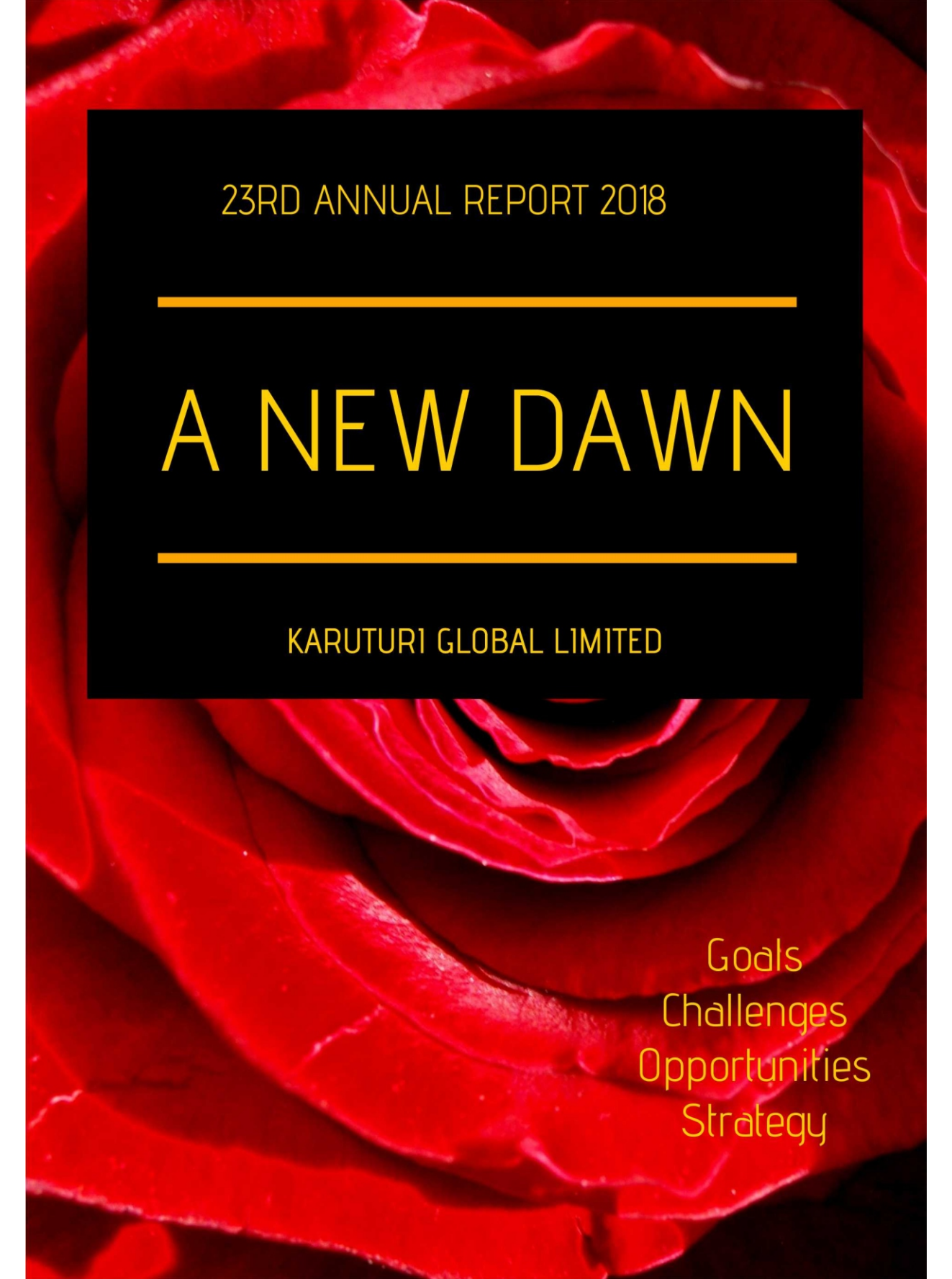
As per regulation 34(1) of SEBI (Listing obligation and Disclosure Requirements), Regulations 2015 please take into record the submission of Annual Report for the 23<sup>rd</sup> Annual General Meeting held on 29-09-2018.

This is for your information and records.

**For Karuturi Global Limited**

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





23RD ANNUAL REPORT 2018

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# A NEW DAWN

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KARUTURI GLOBAL LIMITED

Goals  
Challenges  
Opportunities  
Strategy

## DEAR SHAREHOLDER,

Once again, the time of year has come when I can address you, the shareholders of Karuturi. It is an enduring privilege that Karuturi retains so many committed shareholders who are actively engaged in the company's management and who have never faltered in their support for the company. It is this community that pushes us forward every year.

Karuturi was started in 1994 and grew from a simple rose farm to something much larger: we went across the ocean to Africa and found opportunities for investment and growth in Ethiopia and Kenya. From owning the largest rose farm in the world to taking on an agri projects of a scale unimagined before: Karuturi has not shrunk back from any of the challenges in its way.

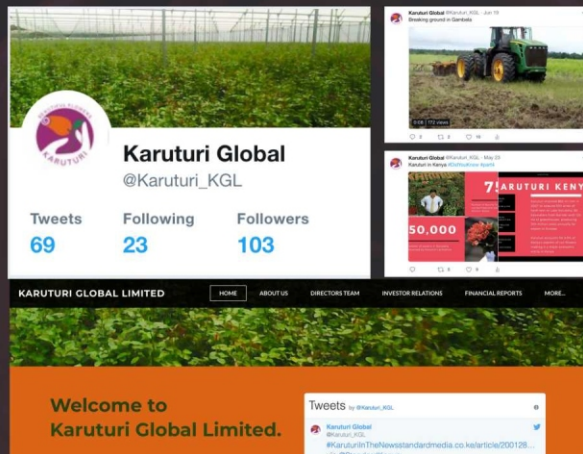
Every year I endeavor to address you in a frank and honest manner and to bring to you not only the company's aspirations and goals but the realities it faces as well. This year we have tried to continue and extend that tradition of honest communication and an active partnership by sending out quarterly newsletters with notable updates in the business. We have also started an official company twitter account to give shareholders an avenue for expressing their interests, questions and concerns: to ask Karuturi what they want to hear, and to give us a chance to address these promptly.

The annual report will continue this conversation and give you, the shareholders, a much more detailed view of the state of the company as well as a broader idea of where we are headed.



As the previous report outlined, the environment for the past few years has been hostile for a host of reasons: changing government policies, political instability, natural disasters and the punitive actions of lending banks. Nevertheless, Karuturi continues to march on towards a new horizon: never losing nerve.

This year we have made great headway towards a more robust company with a strong future of growth.



## INDIA

India is where Karuturi's story began, and it continues to be the home ground where we bat strong. This year Karuturi's Doddaballapur farm has been under the process of being revamped with the latest in agricultural technology so that the farm can stand as a shining example for the company and for the future of agriculture.

The farm is being remade with a new age hydroponic system of growing. Hydroponics is a new way of growing plants in a water based, nutrient rich solution. By using an inert medium to support the root system, the hydroponic system allows the plant roots to be directly in contact with the nutrients it requires and sufficient oxygen, which boosts their growth.



This state of the art system will minimise the water stress risk faced by the farm as it uses water efficiently, without wastage. It will also help reduce costs in the long run as fertilizers are distributed through a smart system, bringing the overall wastage down. Hydroponics will result in effective material management methods that reduce the labour per hectare from the industry standard of 15 per hectare to 5 per hectare. It also promises to increase production on the farm and increase stem lengths, which will boost the profitability of the farm.

The innovative and path breaking technique of increasing plant density from 65,000 plants to 100,000 plants is happening as this report goes to print. Not only is this system better for business, it is also better for the planet: making the most of the resources available and getting the best result from them.

Karuturi has spent two decades at the forefront of thought and implementation in floriculture industry in India and overseas. To go where nobody has gone before and to tread the path of leadership: that is the Karuturi way! This step is another in this long journey.

Mr. Ram Karuturi has taken over presidency of South India Floriculture Association (SIFA). To further the mission of developing the floriculture industry, he's leading the charge to convert the physical auction to an internet enabled auction. This move would throw open the doors to the auction and bring it into the future, enabling growth and creating a larger marketplace for future endeavours. By allowing anybody to buy flowers online, the online auction would increase both the depth and the breath of the industry. Unshackling the auction from its physical form means greater variety of interactions and a lower barrier of entry; creating a thriving exchange of information and a bustling business.

# ETHIOPIA

In February 2018, Ethiopians rejoiced as they welcomed a new government. Leading this government was Dr. Abiy Ahmed, a 42 year old leader of the Oromo People's Democratic Organization.



Like a gust of fresh air revitalizing the country, he has come in with energy and purpose: and the results are already showing. This dynamic leader promises to make Ethiopia a regional power with a vibrant and stable democracy. With Ethiopia poised to aggressively pursue the country's developmental agenda, Karuturi is right there as the partner to drive that engine.

Within a few months of being in power, Dr. Ahmed on June 5th agreed to a peace agreement with Eritrea, putting to bed a conflict spanning approximately 20 years. In a refreshing turn of events, an ideological battle was put to rest by practical considerations, a spirit of reconciliation and an eye towards the future. Both countries rejoiced this turn of events, with people in Ethiopia calling strangers in Eritrea simply to celebrate the arrival of a free future! In the same vein of moving forward from an entrenched past, Dr. Ahmed also came forth to candidly discuss past human rights violations in Ethiopia.

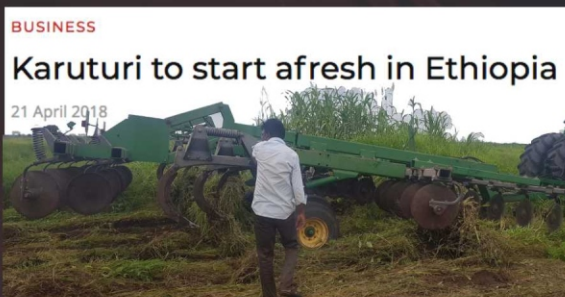




Karuturi has been invited by the Government to discuss amicably the grievances of the past few years, which have put both the government and Karuturi at loggerheads over ideological matters and resulted in a stalemate to the detriment of both parties.



After several rounds of discussions, inspired by the spirit of reconciliation sweeping the country, both parties have come together with a win-win compromise. Karuturi has withdrawn all our cases against the government of Ethiopia and accepted a fresh land concession in Gambela. In Holeyta, Karuturi has paid the workers compensation and is looking forward to an extended land lease. This among other efforts will result in floriculture farms in Ethiopia to be operation in early to mid 2019.



The Gambela farm has been restarted, with planting happening in full rigor as all hands come on deck. Machines are being mobilized, the ground woken up and seeds for the future are being sowed making the best of the season. Learning from our experience in the region, the land in Gambela now comprises of land that is above the Baro River's flood level, with the primary planting in the Illiya region.

The Gambela farm is being used to grow Soya. The area has immense potential as the soil is rich and is protected from any natural disasters. Soya beans are one of the most heavily traded commodities in the world as they are used for both animal stock feed and human consumption after processing.

We expect this to be the start of a sustained growth that will revive Ethiopian operations and bolster a strong floriculture and agriculture presence in the country.





## KENYA

In Kenya, the battle for Karuturi's farm has come to a head: the farm should soon be back in the company's possession.

The prestigious law firm, Ngatia and Associates Advocates are representing Karuturi in the case.

Former Karuturi workers who were hoodwinked into signing an affidavit supporting the Receivership, without being made aware that they are signing over their right to their benefits have now been protesting against CFC Bank and its Receivers. The 3000 former workers of Karuturi are protesting the loss of their livelihoods, service benefits and demanding answers for the mismanagement of the farm by CFC bank and its Receivers. The workers have approached local government authorities, law enforcement as well as the Central Bank of Kenya and the Ethics and Anti-Corruption Commission in investigating the practices of CFC Bank and its Receivers. They have received assurances that action is being taken to investigate this matter.

The Receivers have also tried to evict the former workers from the housing provided to them by Karuturi, an act for which they have faced media backlash and protests of increased intensity.

The protests by the former workers also drew media attention the ongoing legal case between Karuturi and CFC Bank and has garnered attention online as Kenyans have taken to twitter to express themselves and question CFC Bank about their dubious actions. There has been an outpouring of support for the former workers of Karuturi and their plight without the Karuturi farm.

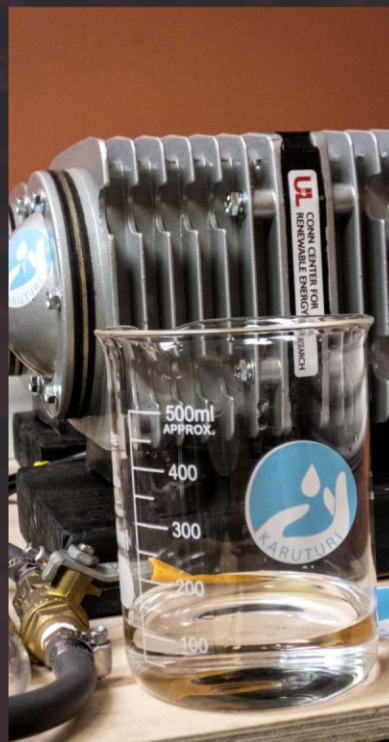


# KUBED

Karuturi has invested in a research effort which will result in an Air to Water Generator and saw the first prototype of this product being produced this year. The product takes in surrounding air and turns the moisture content into water that can be used. This system promises to have huge potential as the water contained as humidity in the air is approximately 8 times as much water as is contained in all the rivers of the world. The research efforts were especially concentrated on making this system energy efficient so that it can be run completely on renewable solar energy.

To understand the revolutionary power of this product, it is important to look at the history of civilization.

From the earliest civilizations to our very own today, the first building block to settlement is access to a water source. Even today we are shackled to this requirement, which has constrained our land development and ability to grow. No longer will rivers and natural water systems be the deciding factor in settlement, and crises like the drought in California and the water shortage in South Africa hold people to ransom. By bringing a sustainable water source even to the most arid and dry places on Earth at an affordable price, this project will change the way water management works in the world.





It's been a busy year: lots of hard work and planning from the past few years has finally come to fruition and the gears are once again turning and the engine whirring. Karuturi is ready to hit the ground running; weathering the storm has only made the destination sweeter and the determination to get there stronger. The challenges of the past few years have brought valuable lessons, clarity and insight.

As a shareholder, you believed in Karuturi when we set our sights on the horizon and made the bid to grow a little bigger, walk a bit further and dream a little bigger. You saw the rise of Karuturi: the ambition, the accolades, the impact. You also saw the flipside to the rise: the buckling of confidence by certain investors, the misdirected negative press, the changing political winds. It is that journey that brings Karuturi to the present day: with a world of experience at our back, our feet firmly planted and our sights still set on the horizon.

It's a journey worth embarking on, because we have undertaken a project that we cannot give up. Bringing the world roses and putting food on the table where there was nothing before. Thank you for being with us.

Regards,  
Sai Ramakrishna Karuturi  
Managing Director



## 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

**Yeshoda Karuturi**

Executive Director

**Ananta Chandrakanth Darshan**

Independent Director

**Company Secretary**

Khushboo Sharma

### **REGISTERED OFFICE**

# 204, Embassy Center, 11,  
Crescent Road, Bangalore-560001  
Email: [investorrelations@karuturi.com](mailto:investorrelations@karuturi.com)  
URL : [www.karuturi.com](http://www.karuturi.com)

### **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)

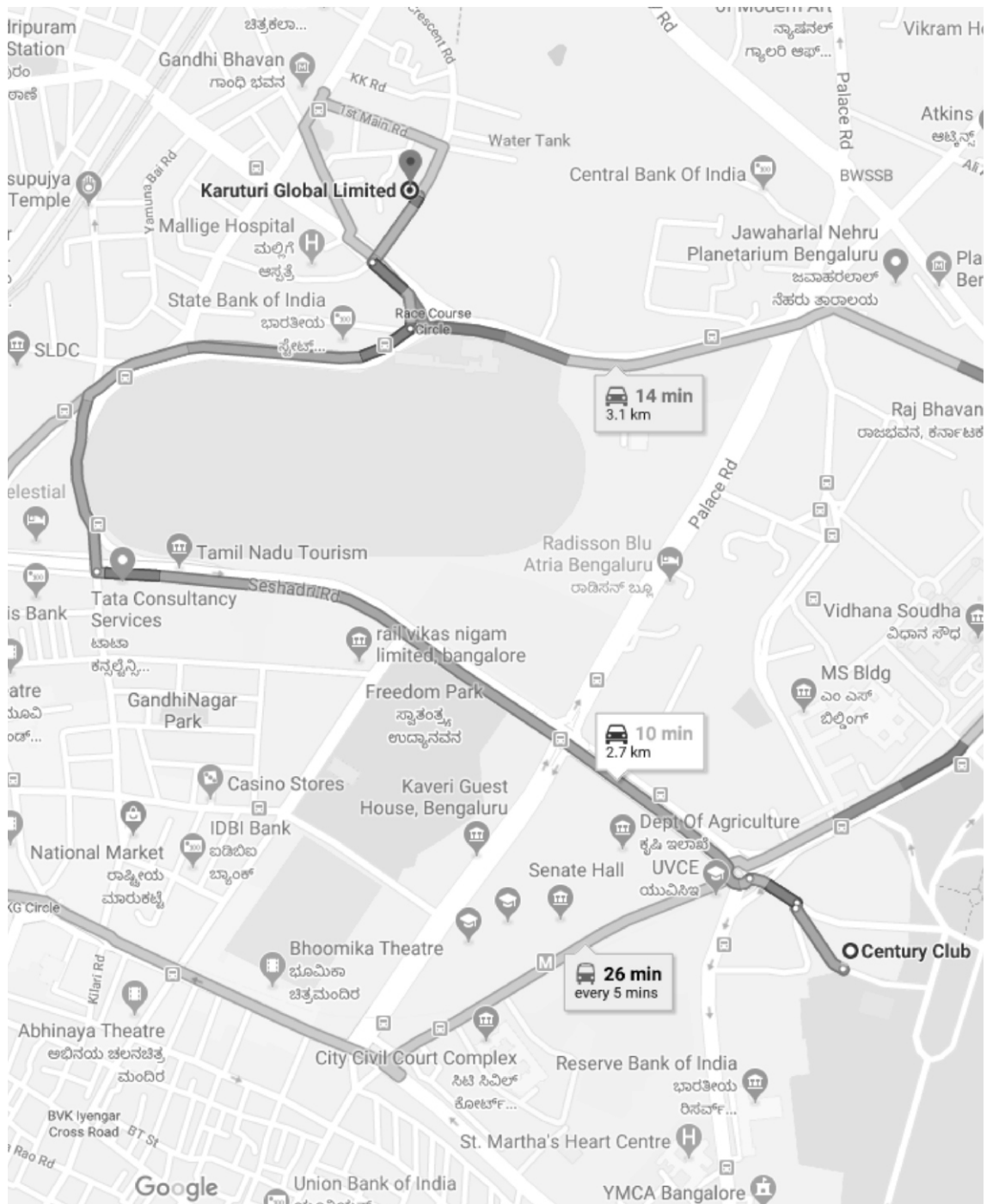
### **AUDITORS**

M/s . H. Muralidhar & Co  
Chartered Accountants,  
Bangalore

### **SECRETARIAL AUDITORS**

Ajay Behera & Associates  
Practising Company Secretary





## NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of the Karuturi Global Limited will be held on Saturday, the 29th day of September 2018, at 11. 00A.M at 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, 2018 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Yeshoda Karuturi (DIN 07213837), 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. Yeshoda Karuturi (DIN 07213837) as a Director, to the extent that she is required to retire by rotation."

3. To appoint Messrs K G Rao and 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 thereto or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded for the appointment of M/s K G Rao & 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 28th Annual General Meeting, on such remuneration as may be fixed by the Board of Directors in consultation with the Auditors."

### **SPECIAL BUSINESS:**

4. **Rescission of Resolution passed on 13th March, 2018 through Postal Ballot with respect to increase in Authorised 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** resolution passed by the members on 13th March, 2018 through Postal Ballot for increase in Authorized Equity Share Capital to Rs. 200,00,00,000/- (Rupees Two Hundred Crores) divided into 200,00,00,000 (Two Hundred Crores) Equity Shares of Re. 1/- (Rupee One only) and the corresponding alteration in the Capital Clause of the Memorandum and Articles of Association be and is hereby rescinded."

5. **Increase in Authorized 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 provisions of Section 61(1)(a) of the Companies Act, 2013, the Authorized Share Capital of the company be and is hereby increased from Rs. 1,75,00,00,000/- (Rupees One Hundred and Seventy Five Crores) upto Rs. 2,50,00,00,000/- (Rupees Two Hundred and Fifty Crores) by creation of 75,00,00,000 further equity shares of Re. 1/- each ranking pari passu with the existing equity shares of the Company."

6. **Alteration of Capital Clause of Memorandum of Association 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 the provisions of section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:

- V. "The Authorized Share Capital of the Company is Rs. 2,50,00,00,000/- (Rupees Two Hundred and Fifty Crores only) divided into 2,50,00,00,000 Rupees Two Hundred and Fifty Crores only) Equity Shares of Re. 1/- (Rupee One ) each."

7. **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 a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of section 14 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), the existing Article 4 of the Articles of Association of the Company be and is hereby substituted by the following:

"The Authorized Share Capital of the Company is Rs. 2,50,00,00,000/- (Rupees Two Hundred and Fifty Crores only) divided into 2,50,00,00,000 Rupees Two Hundred and Fifty Crores only) Equity Shares of Re. 1/- (Rupee One ) each."

8. **Allotment of Fresh Equity Warrants for 95 Crores shares**

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

"**RESOLVED THAT** subject to all the regulatory approvals, in accordance with the provisions of Section 42 & 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), and in accordance with the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "**SEBI (ICDR) Regulations, 2009**") , as amended thereto, the



## Annual Report 2017-18

regulations/guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other relevant statutory, governmental authorities or departments, institutions or bodies ("**Concerned Authorities**") in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals and permissions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) and subject to such terms, conditions and modifications as **the Board** may in its discretion impose or agree to, the Board be and is hereby authorized to create, offer, issue and allot by way of Preferential Allotment, up to 95,00,00,000 (Ninety -five Crores) Convertible Warrants of Face value Re. 1/- (Rupee One) each at par to Non-Promoters, on preferential allotment basis convertible into equal number of equity shares (one equity share for one warrant issued) at the price of Re.1 each of the Company in compliance with Chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto & on such terms and conditions and in such manner as the Board may in its absolute discretion deem fit, to the following persons/entities as mentioned below:

Sr. No.	Name of the Proposed Allottees	No. of Convertible Warrants proposed to be allotted	Name of the Ultimate Beneficiaries/ Owners
1	IBelive Fitness Solutions Private	350000000	RAMA KRISHNA MULPURI CHARITA MULPURI
2	Eye-3 Info Media Private Limited	250000000	BOLLINA SUGUNA BOLLINA SATHYA PRASAD
3	Srinivasa Retail Private Limited	350000000	CHARITAKAJA SURESH KAJA

### RESOLVED FURTHER THAT:

- The relevant date for the purpose of pricing of issue of Convertible Warrants in accordance with the Regulation 71 of SEBI (ICDR) Regulations, 2009 (as amended) be fixed as 29th August 2018 that date being the 30th day prior to the date on which the Annual General Meeting of the shareholders is convened, in terms of Section 96 of the Companies Act, 2013 to consider the proposed preferential issue.
- The aforesaid Convertible Warrants allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company.
- The Board be also authorized to decide and approve the other terms and conditions of the issue of Convertible Warrants, and also shall be entitled to vary, modify or alter any of the terms and conditions, including the issue price on a higher side than mentioned above, as it may deem expedient.

**RESOLVED FURTHER THAT** the equity shares allotted on conversion of aforesaid Warrants issued on preferential basis shall be locked in from the date of trading approval granted from all the Stock Exchanges for such periods as prescribed in Regulation 78 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

**RESOLVED FURTHER THAT** each of the aforesaid warrants be converted at the option of the holder at any time within 18 months from the date of issue, into one fully paid-up Equity Share of Re.1/- each at the price which be determined in accordance with prevailing SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and a sum equivalent to 25% of the total consideration per warrant be received on the date of allotment of the said warrants and the balance 75% of the total consideration per warrant be received at the time of allotment of Equity Shares pursuant to exercise of option against each such warrant by the warrant holder.

**RESOLVED FURTHER THAT** in the event of the Company making a bonus issue of shares or making rights issue of shares / convertible debentures or any other securities in whatever proportion prior to the exercise of the rights attached to the warrants, the entitlement of the holders shall stand augmented in the same proportion in which the equity share capital of the company increases as a consequences of such bonus/rights issues and that the exercise price of the warrant be adjusted accordingly, subject to such approvals as may be required.

**RESOLVED FURTHER THAT** the Convertible Warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) and/ or such other appropriate authority may impose at the time of their approval as agreed by the Board.

**RESOLVED FURTHER THAT** for the purpose of creating, issuing, offering and allotting Convertible Warrants of the Company as aforesaid, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering,

issuing, allotting and utilizing the issue proceeds of the Convertible Warrants of the Company, as it may in its absolute discretion, deem fit and proper.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein contemplated by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the company to give effect to this resolution."

9. **Realignment of Share Capital:**

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

**"RESOLVED THAT** pursuant to the complaint dated August 06, 2018 on the SEBI e-platform SCORES and applicable provisions of the Companies Act, 2013 and Rules made there under and all other applicable provisions, if any, including any statutory modification or re-enactment thereof for the time being in force, the Authorized Share Capital of the Company may be realigned, if necessary, either by reduction of share capital or by increasing the share capital of the Company or take such other action as may be necessary.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take necessary actions to give effect to the foregoing resolution, submission of documents and papers with the concerned authorities to register and implement the aforesaid amendment to the Memorandum of Association of the Company and to do all such acts, deeds and things as may be necessary in this regard including authorizing any officers of the Company for this purpose."

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

Place: Bangalore  
Date: 14th August 2018.  
Registered office: # 204, Embassy Center, 11,  
Crescent Road, Bangalore-560001



# Annual Report 2017-18

## 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 31st August 2018.
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 the 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 here with, 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 DP's 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 23rd September 2018 to 29th September 2018 (both days inclusive).
14. Members are requested to notify the Registrar and Share Transfer Agents Karvy Computershare Private Limited Karvy Selenyum 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 to the same 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 2018 i.e., the cut off 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 26th September 2018, at 09.00 A.M(IST) and will end at 5.00PM(IST) on 28th September, 2018. The E-voting module will be disabled on 28th September, 2018 at 5.00 PM(IST). The voting rights of members shall be in proportion to the number of shares held by them as on cutoff date, 21st September 2018.

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.

#### **PROCEDURE AND INSTRUCTIONS FOR e-VOTING & INSTAPOLL**

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)] which includes details of E-Voting Event Number (EVEN), USER ID and password:
  - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demataccount, User ID will be your DP ID and Client 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 these details appropriately, click on "LOGIN".
  - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and 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.
  - v. You need to login again with the new credentials.
  - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
  - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
  - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id [kiran@kdsh.co.in](mailto:kiran@kdsh.co.in) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "CorporateName\_Event No."
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
  - i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
  - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however these Members are not entitled to cast their



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vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

## OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Karuturi Global Limited, (Unit: Name of the Company) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [evoting@karvy.com](mailto:evoting@karvy.com) or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences 26th September 2018, at 09.00 A.M(IST) and will end at 5.00PM(IST) on 28th September, 2018. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 21st September, 2018
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e. 21st September, 2018 he/she may obtain the User ID and Password in the manner as mentioned below:
- l. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

### Example for NSDL:

MYEPWD <SPACE> In12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

## PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN/ATTENDANCE REGISTRATION

Web Check- in / Attendance Registration: Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

### Procedure of Web Check-in is as under:

- a. Log on to <https://karisma.karvy.com> and click on "Web Checkin for General Meetings (AGM/EGM/CCM)".
- b. Select the name of the company: Karuturi Global Limited
- c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
- d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
- f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
- g. After registration, a copy will be returned to the Member.
- h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e. 26th September 2018, at 09.00A.M(IST) and will end at 5.00PM(IST) on 28th September, 2018.
- i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose.

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

### Item No. 4:

Your Board at its meeting held on 8th August 2018, has decided to rescind the Resolution passed by the members on 13th March, 2018 through Postal Ballot for increase in Authorized Equity Share Capital of the Company to Rs. 200,00,00,000/- (Rupees Two Hundred Crores) divided into 200,00,00,000 (Two Hundred Crores) Equity Shares of Re. 1/- (Rupee One only) and accordingly the corresponding alteration in the Capital Clause of the Memorandum and Articles of Association shall also be rescinded.

Your Board of Directors recommends the Special Resolution for your approval as set out under item No. 4 of this Notice.

None of the Directors, Key Managerial Personnel or their relatives thereof, is in any way, interested or concerned in the proposed Special Resolution except to the extent of their shareholding.

### Item No. 5, 6 & 7

In order to meet the long term working capital needs of the Company it is proposed by the Board to infuse additional funds and enhance the existing share capital. Your Board at its meeting held on 27th August, 2018 statutory/regulatory approvals, as may be required, proposed to increase the Authorized Share Capital of the Company from Rs. 1,75,00,00,000/- (Rupees One Hundred and Seventy Five Crores) upto Rs. 2,50,00,00,000/- (Rupees Two Hundred and Fifty Crores). According to Section 61 of the Companies Act, 2013, if Authorized Share Capital of the Company is to be increased, a special resolution is required to be passed by the members of the Company.

Your Board of Directors recommends the Special Resolution for your approval as set out under

### Item No. 5

The Proposed resolutions under the items No. 5 & 6 seek to obtain members' approval to alter Capital Clause as mentioned above in the Memorandum and Articles of Association. According to Section 13 and 14 of the Companies Act, 2013, if the Memorandum and Articles are to be altered respectively, a Special Resolution is required to be passed by the members of the Company.

Your Board of Directors recommends the Special Resolutions for your approval as set out under item No. 5 & 6 of the Notice of Annual General Meeting.

A Copy of the Memorandum and Articles of Association of the Company will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except 2nd and 4th Saturdays, and Sundays & Public Holidays up to the date of this Annual General Meeting.

None of your Directors is concerned or interested in the above resolutions except to the extent of their shareholding in the Company.

### Item No. 8

In order to meet long-term funding requirements of the Company, the Board, at its meeting held on 27.08.2018, has accorded its approval for raising funds through preferential issue by issuing up to 95,00,00,000 (Ninety Five Crores) fully convertible warrants ("Warrants") of face value Re. 1 each ("Warrants Issue Price"), exercisable into equal number of Equity Shares of face value of Re.1 each of the Company on preferential basis to entities/persons mentioned in Point (vii) below. Pursuant to the provisions of Section 62(1)(c) read with Section 42 of the Companies Act, 2013 ("Act"), any preferential allotment of securities must be approved by the shareholders by way of a Special Resolution. The salient features of a preferential issue of warrants are given in the Resolution. Further, in terms of Regulation 73 of SEBI (ICDR) Regulations, 2009 ("ICDR Regulations"), the following disclosures are needed to be made in the Explanatory Statement to the Notice of the General Meeting:

#### (i) The Objects of the issue through preferential offer:

The proceeds of the preferential offer are proposed to be used to meet long-term funding requirements of the Company including, but not limited to, funding ongoing capital expenditure and for augmenting the working capital, improving its project capacity, enhancing infrastructure facilities and for general corporate purposes and purposes permitted by applicable laws.

#### (ii) The intention of the Promoters/Directors/ Key Management Personnel to subscribe to the offer:

None of the Promoters/Directors/Key Management Personnel intend to subscribe in this offer.

#### (iii) Relevant Date:

As per the ICDR Regulations, the "Relevant Date" for the purpose of calculating the price of the Equity Shares to be issued upon exercise of Warrants in terms hereof shall be 29th August 2018, being the date 30 days prior to this Annual General Meeting.

#### (iv) Pricing of Preferential Issue:

The ICDR Regulations provides that the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

- (i) the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on a recognized stock exchange during the twenty six weeks preceding the relevant date;
- or (ii) the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.



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The relevant date for the pricing of the convertible warrants shall be 29th August, 2018 being the date which is 30 days prior to the date of this Annual General Meeting.

Stock exchange for this purpose means BSE Limited/National Stock Exchange Limited on which the highest trading volume in respect of the Equity Shares of the company has been recorded during the preceding 26 weeks prior to the relevant date.

**(v) The Shareholding Pattern before and after issue of warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants:**

Category of Shareholders	Pre-Preferential Shareholding		Post Preferential Shareholding after conversion & assuming full conversion of Warrants into Equity shares	
	No. of Shares	As a % of (A+B)	No. of Shares	As a % of (A+B)
Promoter and Promoter Group(A)	366473963	24.47	366473963	15.00
Public Shareholding(B)	1131057563	75.53	2081057563	85.00
Custodian (C)	-	-	-	-
Grand Total(A)+(B) + (C)	1497531526	100.00	2447531526	100

**Note:** i) The above post issue shareholding assumes that the Preferential Issue of Warrants issued pursuant to these resolutions are fully exercised and converted into equity shares failing which the percentage will change accordingly.

**(vi) Timeline within which the allotment shall be completed:-**

As required under Regulation 74 of the ICDR Regulations, the preferential issue of Warrants shall be completed within a period of 15 days from the date of passing of the special resolution by the Shareholders. Provided that where the allotment is pending on account of any approval from any Regulatory Authority/ Body, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

**(vii) The Identity of the natural persons who are the ultimate beneficial owners of the shares/Warrants proposed to be allotted and/ or who ultimately control the proposed allottees, the percentage of pre and post preferential issue capital that may be held by them:**

Sr. No.	Identity of Proposed Allottees	Category of the Proposed Allottee	Natural Persons who are the ultimate beneficial owners	Pre-Issue shareholding	No of Warrants to be allotted	Post-Issue shareholding on exercise of Warrants*
1.	IBelive Fitness Solutions Pvt Ltd	Non-Promoter	Rama Krishna Mulpuri & Charita Mulpuri	Nil	25,00,00,000	10.21
2.	Eye-3 Info Media Pvt Ltd	Non-Promoter	Bollina Suguna & Bollina Sathya Prasad	Nil	20,00,00,000	8.17
3.	Srinivasa Retail Pvt Ltd	Non-Promoter	Charita Kaja & Suresh Kaja	Nil	35,00,00,000	14.30

\*Assuming full conversion of warrants.

**(viii) Change in control:**

There will not be any change in the composition of the Board of Directors or control of the Company on account of the proposed preferential allotment. However, there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the preferential allotment.

**(ix) No. of persons to whom allotment on preferential basis has already been made during the year, in terms of number of securities as well as price:**

During the year, no preferential allotment has been made to any person.

**(x) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:**

Not Applicable.

**(xi) Lock in period:**

The Warrants and Equity Shares to be allotted on exercise thereof shall be subject to lock-in as per the ICDR Regulations. The entire pre-preferential allotment shareholding of the above allottees shall also be locked-in as per the Regulation 78 of the ICDR Regulations.

**(xii) Terms of Issue of the Convertible Warrants.**

- The proposed allottee of warrants shall pay an amount equivalent to at least 25% of the Issue Price at the time of subscription and allotment of each warrant. The balance 75% of the Issue Price shall be payable by the warrant holder upon exercise of the entitlement attached to the warrant(s) to subscribe for equity share(s). The amount paid against warrants shall be adjusted / set off against the Issue Price of the resultant equity shares.

- If the entitlement against the warrants to apply for the equity shares is not exercised by the warrant holder, within the specified period stipulated under Regulation 75 of the ICDR Regulations, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrant shall stand forfeited by the Company.
- Upon exercise of the convertible warrants by the warrant holder, the Board (or a Committee authorized by the Board) shall allot such number of equity shares of face value of Re.1 each as may be required to be issued and allotted, as would be calculated on the basis of price as determined in Point (iv) above. The allotment shall only be made in the dematerialized form.
- The equity shares issued pursuant to an exercise of the convertible warrants will be subject to the Memorandum of Association and Articles of Association of the Company and shall rank paripassu in all respects including with respect to dividend, with the then fully paid-up equity shares of the Company.

**(xiii) Approvals:**

The Company will take necessary steps to obtain the required approvals from the Stock Exchanges, SEBI, or any other regulatory agency as may be applicable, for the proposed preferential issue.

**(xiv) SEBI Takeover code:**

In the present case none of the proposed allottees would attract SEBI Takeover Code and therefore is not under obligation to give open offer to the public except making certain disclosures to the Company and the Stock Exchanges.

**(xv) Auditor's Certificate:**

The Statutory Auditors' certificate certifying that the above issue of Warrants is being made in accordance with the ICDR Regulations, shall be placed before the Shareholders of the Company at the Annual General Meeting of the Company and shall also be available for inspection by the members. The Auditor's Certificate will also be displayed on the website of the Company at [www.karuturi.com](http://www.karuturi.com)

**(xvi) Undertakings:**

As required under the ICDR Regulations the Company hereby undertakes that, (a) It shall re-compute the price of the Warrants or Equity Shares to be issued on conversion of Warrants in terms of the ICDR Regulations, where it is required to do so. (b) If the amount payable on account of the re-computation of price is not paid within the time stipulated in the ICDR Regulations, the underlying Warrants/ Equity Shares shall continue to be locked-in till the time such amount is paid by the proposed allottees. Further, the Company shall at all times comply with the minimum public shareholding requirements prescribed under the Securities Contracts (Regulation) Rules, 1957, as amended, (the "SCRR") and Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR Regulations") As it is proposed to issue and allot the aforesaid securities on preferential allotment basis, special resolution is required to be approved by members pursuant to applicable provisions of Companies Act, 2013 and Chapter VII of the ICDR Regulations. Your Directors, therefore, recommend the resolution for your approval. The Company has not made any preferential issue of securities in this financial year, other than the proposed issuances as stated in this notice. The proposed allottees have not sold any equity shares of the Company during the six months preceding the Relevant Date. The proposed allottees have not subscribed to any Warrants during the last one year. Further, it is hereby confirmed that neither the Company nor any of its Promoters or Directors have been declared as wilful defaulters or received a notice from the RBI in this regard. None of the Directors or any Key Managerial Personnel or any relative of any of the Directors/Key Managerial Personnel of the Company are, in anyway, concerned or interested, financially or otherwise, in the above resolution.

**Item No. 9**

The Company has received a complaint from SEBI dated August 06, 2018 with respect to the preferential issue of convertible warrants issued by the Company in the year 2015. The Company is reviewing the Complaint and proposes to re-visit the shares issued against the warrants in November 2016. The Company will discuss the issue and may take necessary action by realigning the share capital, if necessary, by alteration of share capital or such other similar action.

It is necessary for the Company to address the complaint and answer SEBI at the earliest. If it becomes necessary for the Company to alter or reduce the share capital of the Company, then the Company will seek shareholders consent, if required under the law, to such alteration and/or reduction of share capital.

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

Date: 14th August 2018  
Place: Bangalore  
Registered office: # 204, Embassy Center, 11,  
Crescent Road, Bangalore-560001  
CIN: L01122KA1994PLC016834

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## 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 executive director of Karuturi Global Limited on 22nd Annual General Meeting of Karuturi Global Limited dated 27th September, 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 Karuturi Global Limited) in which Yeshoda Karuturi holds Directorship and Committee membership

Nil

Shareholding in the Company

Nil

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

Date: 14th August 2018

Place: Bangalore

Registered office: # 204, Embassy Center, 11,  
Crescent Road, Bangalore-560001

CIN: L01122KA1994PLC016834



## BOARDS' REPORT

To the Members,

Your Directors have pleasure in submitting their Twenty Third Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

### 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:

Particulars	(Amount in Rs. Lakhs)	
	For the Year ended 31-03-2018	For the Year ended 31-03-2017
Net Sales /Income from Business Operations	22,959.12	22,612.76
Other Income	2,391.15	8,942.24
<b>Total Income</b>	<b>25,350.26</b>	<b>31,555.00</b>
Less: Depreciation	3,277.35	4,356.56
<b>Profit after depreciation and other expenses</b>	<b>5,003.55</b>	<b>8,816.25</b>
Less: Current Income Tax	0.03	74.98
Less: Deferred Tax	(15.81)	(384.34)
<b>Net Profit after Tax</b>	<b>5,195.61</b>	<b>9,057.80</b>
Earnings per share (Basic)	0.35	0.61
Earnings per Share (Diluted)	0.35	0.61

### RESULTS OF OPERATIONS

During the financial year ended March 31, 2018 total revenue of the Company was Rs.25,350.26 lakhs as against the revenue for the previous year which was Rs. 31,555.00 lakhs. The Company has during the year under review has posted a net profit of Rs. 5,195.61 lakhs against net profit of Rs. 9,057.80 lakhs in the previous year.

### SHARE CAPITAL

During the year, No Equity Shares to the shareholders have been issued. On March 31, 2018, 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 Six present Directors of the Company are as below:

- Sai Rama Krishna Karuturi
- Anitha Karuturi
- Yeshoda Karuturi
- Mahendra Kumar Sunkara
- Sunil Gupta
- Ananth Chandrakanth Darshan

Ms. Yeshoda Karuturi retires 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

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Regulations. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

## Key Managerial Personnel

Mrs. Khushboo Sharma was appointed as the Company Secretary during the year under review.

Mr. Ashok Herur, Independent Director of the Company resigned from the Board.

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

The Company had 7 Board meetings during the financial year under review.

<b>Sl. No.</b>	<b>Date of Board Meeting</b>
1.	30 May 2017
2.	12 Jul 2017
3.	15 Aug 2017
4.	14 Nov 2017
5.	02 Feb 2018
6.	13 Feb 2018
7.	27 Mar 2018

## **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

\*In the process of Winding up

## **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**

Karuturi Limited is Kenya is wound up pursuant to court order. Apart from it there is no other order passed by any regulators which has impacted the going concern status and operations of the company.

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

The Nomination and Remuneration Board 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.

## **STATUTORY AUDITORS**

M/s H.Muralidhar & Co were appointed as Statutory Auditor of the Company until the conclusion of this Annual General Meeting. Due to their preoccupation they have resigned. The Board recommends appointment of Messer K.G. Rao & Co., as Statutory Auditor of the Company at its Board Meeting held on 08.08.2018 from the conclusion of this Annual General Meeting upto the conclusion of 28th AGM in terms of the section 139(1) of the Companies Act, 2013. The Company has received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company. The appointment norms are being complied with the section 141 and other applicable provisions of Companies Act, 2013

## **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.

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

- a. The revised VAT returns during the first quarter, company could not file within the given time frame. However, Company is focused on statutory compliance to file on time.

### **SECRETARIAL AUDITOR**

The Company had appointed Mr. Ajay Behera & Associates Company Secretaries, New Delhi, to conduct its Secretarial Audit for the financial year ended March 31, 2018. 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. *Company will take necessary steps to publish notice in newspaper.*
- b. *The company had sent returns to Authorised dealer bank but due to want of information there was delay in filing returns with RBI.*

### **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, 2016-17-Nil and 2017-18 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



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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. 24,475.31 lakhs

Total Foreign Exchange Outgo Rs. 19,276.15 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.

## **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.

## **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: 14/08/2018

Place: Bangalore

**Sai Ramakrishna Karuturi    Anitha Karuturi**

Managing Director

Director

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## **MANAGEMENT UPDATE**

### **Industry Structure and Developments**

The world production of floriculture is growing at a rate of 10% every year. Owing to steady increase in demand for flower floriculture it has become one of the important commercial trades in agriculture. The important floricultural crops in the international cut flower trade are rose, carnation, chrysanthemum and are grown in green houses.

### **BUSINESS REVIEW:**

During 2017-18, your Company was able to protect its assets despite the legal crisis in Kenya and cash flow crisis in Ethiopia. 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 Soya bean, corn, sugarcane, oil seeds and paddy form a part of our agri-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 Gambela. Karuturi is synonymous with responsible and good business in globally.

### **FLORICULTURE:**

The cut flower business had a stable beginning this year. The Company has started adopting sustainable initiatives like a cutting edge hydroponics system which entailed 10% improvement in production with 30% reduction in consumption of water & fertilizers.

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

### **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 foliage particularly when there is a scarce for these products in western markets. 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 a 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 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.

### **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 and Agriculture. Clear all bottle necks and revive the company to it's former glory.

### **Note on Contingent Liabilities:**

India: We have resolved most of our tax demands in India by providing clarifications sought on contentious issues leading to significant reduction in contingent liabilities, the same will be reflected in the next year financials.

1. Disallowance of Agricultural income. Resolved with confirmation by Agri ministry, that floriculture is agriculture.
2. Production capacity issue, resolved by dept of Horticulture letter confirming our production capacity.
3. Assessment reopened, Time barred.

We have retained the services of S.Venkatesan & Co., and Khaldelwal Jain & Co. Reputed Tax professionals to represent the company.

### **Other legal cases update:**

1. ICICI Bank: the case is in Dispute Resolution Panel
2. Axis Bank Limited: the case is in Dispute Resolution Panel
3. Damco India Private Limited: Amount settled.
4. Sindhu Cargo: settled.
5. Premier Tobacco Private Limited: Negotiating settlement.



6. Interfreight Private Limited: same is disposed of by NCLT in our favour.
7. Karuturi Telecom Private Limited:- Case filed by the company to recover an amount of Rs. 3.5 crores.
8. Fresco foods filed by company to recover advances paid.
9. Plodo Import filed to recover advances paid.

**KENYA:** We donot have any outstanding tax demands in Kenya or Ethiopia.

**CFC bank LITIGATION:** Please visit

<http://www.kenyalaw.org/kl/index.php?id=81> for details of the case.

### **ETHIOPIA**

We have withdrawn all legal cases against the Government of Ethiopia on lease cancellation and taken fresh land on lease.

**Holeta:** we have settled in court outstanding employee dispute by paying 29,000 dollars as against original demand of US\$ 36,600.

Holeta and Baco are in process of early resolution.

**Wolisso:** We have received support letters from the regional administration, Oromia Investment Agency for restarting our project in Wolissoand are in the process of reinstating production.

**Gambela:** We have similarly restarted with the support of the GOE, our Gambela project.

Machinery is being rehauled and repaired for next season.

### **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 statutes and incidental factors.

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## 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	# 204,Embassy Center, 11,Crescent Road, Bangalore-560001
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	3.09 %
2	Plant & Plant Materials	01301	96.91 %

#### 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	44.55%
2	Trading	-	55.24%
3	Plant & Plant Materials	01301	00.21%

## 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 31/03/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% 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)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	25879895	0	25879895	1.73	25879895	0	25879895	1.73	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	17789190	322804878	340594068	22.74	17789190	322804878	340594068	22.74	0.00
	<b>Sub-Total A(1) :</b>	<b>43669085</b>	<b>322804878</b>	<b>366473963</b>	<b>24.47</b>	<b>43669085</b>	<b>322804878</b>	<b>366473963</b>	<b>24.47</b>	<b>0.00</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>43669085</b>	<b>322804878</b>	<b>366473963</b>	<b>24.47</b>	<b>43669085</b>	<b>322804878</b>	<b>366473963</b>	<b>24.47</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	1500000	75134000	76634000	5.12	1500000	75000000	76500000	5.11	0.01
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	87647127	0	87647127	5.85	94810817	0	94810817	6.33	-0.48
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>89147127</b>	<b>75134000</b>	<b>164281127</b>	<b>8.76</b>	<b>160009928</b>	<b>75000000</b>	<b>235009928</b>	<b>15.69</b>	<b>-6.93</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	63741787	7000	63748787	4.26	54277949	7000	54284949	3.62	0.64
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.2 lakh	249600819	292375707	541976526	36.19	301023484	2533707	303557191	20.27	15.92
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	253870479	768000	254638479	17.00	494240680	243114794	251125886	33.00	-16.00
(c)	Others									
	CLEARING MEMBERS	1466126	0	1466126	0.10	6701054	0	6701054	0.45	-0.35
	FOREIGN BODIES	30282786	0	30282786	2.02	0	0	30282786	2.02	-0.95
	FOREIGN COMPANIES	33416325	0	33416325	2.23	33416325	0	33416325	2.23	-1.05
	NBFC	253660	0	253660	0.02	193000	0	193000	0.01	-0.01
	NON RESIDENT INDIANS	36984014	0	36984014	2.47	33744927	0	33744927	2.25	-1.37
	<b>NRI NON-REPATRIATION</b>	<b>3922882</b>	<b>0</b>	<b>3922882</b>	<b>0.26</b>	<b>5108239</b>	<b>0</b>	<b>5108239</b>	<b>0.34</b>	<b>-0.08</b>
	TRUSTS	86851	0	86851	0.01	6201	0	6201	0.00	-0.01
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>673625729</b>	<b>3150707</b>	<b>676776436</b>	<b>66.37</b>	<b>682378692</b>	<b>3150807</b>	<b>685529499</b>	<b>45.78</b>	<b>-20.59</b>
	<b>Total B=B(1)+B(2) :</b>	<b>762772856</b>	<b>368284707</b>	<b>1131057563</b>	<b>75.53</b>	<b>762772856</b>	<b>368284707</b>	<b>1131057563</b>	<b>75.52</b>	<b>-0.01</b>
	<b>Total (A+B) :</b>	<b>806441941</b>	<b>691089585</b>	<b>1497531526</b>	<b>100.00</b>	<b>806441941</b>	<b>691089685</b>	<b>1497531526</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>806441941</b>	<b>691089585</b>	<b>1497531526</b>	<b>100.00</b>	<b>806441841</b>	<b>691089585</b>	<b>1497531526</b>	<b>100.00</b>	



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## 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	1.72	0.67	25825790	1.72	0.67	0.00
2	SIMPLY CLASS FASHIONS PVT LTD	80634	0.01	0	80634	.005	0	0.00
3	RHEA HOLDINGS PVT LTD	340513434	22.74	0	340513434	22.74	0	0.00
4	ANITHA KARUTURI	54105	0.00	0	54105	0.00	0	0.00
	<b>Total</b>	<b>366473963</b>	<b>24.47</b>	<b>0.67</b>	<b>366473963</b>	<b>24.47</b>	<b>0.67</b>	<b>0.00</b>

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

There was no change in the Promoters Shareholding during the year under review.

**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 Bought during the year Sold during the year At the end of the year	48707241 - 8731539 39975702	3.25% - 0.58% 2.67%	48707241 - - 39975702	3.25% - - 2.67%
2	<b>INDIA FOCUS CARDINAL FUND</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	28438631	1.90%	28438631   28438631	1.90%   1.90%
3	<b>TARA INDIA HOLDINGS A LTD</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	27208878	1.82%	27208878   27208878	1.82%   1.82%
4	<b>AJAY BIKRAM SINGH</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	19000000	1.27%	19000000   19000000	1.27%   1.27%
5	<b>RAYS GLOBAL CORPORATION</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	11875000	0.79%	11875000   11875000	0.79%   0.79%
6	<b>Maxworth Investment Limited</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	11875000 - - -	0.79% - - -	11875000 - - 11875000 11875000	0.79% - - 0.79% 0.79%
7	<b>SRV CRUST LTD</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	9666325	0.65%	9666325   9666325	0.65%   0.65%
8	<b>Emerging India Focus Funds</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	9200000  1912314	0.61%  0.26%	43959886  1912314 9767151	0.61%  0.26% 0.35%
9	<b>ANOOP JAIN</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	5488200  2002324	0.37%  0.13%	5488200  2002324 3485876	0.37%  0.13% 0.24%
10	<b>BENNETT, COLEMAN AND CO LTD</b> At the beginning of the year Bought during the year Sold during the year At the end of the year	5279290  800000 4479290	0.35%  0.05% 0.30%	5279290  800000 4479290	0.35%  0.05% 0.30%

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## 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 At the beginning of the year Increase/ Decrease At the end of the year	25825790 25825790	2.53 2.53	25825790 25825790	1.72 1.72
2	Anitha Karuturi At the beginning of the year Increase/ Decrease At the end of the year	54105 54105	0.005 0.005	54105 54105	0.003 0.003
3	Ashok Herur (upto 23.02.2018) At the beginning of the year Increase/ Decrease At the end of the year	1500000 -	0.01 0.01	1500000 1500000	0.01 0.01
4	Mahendra Kumar Sunkara At the beginning of the year Increase/ Decrease At the end of the year	417151 417151	0.05 0.00	417151 417151	0.04 0.04
5	Yeshoda Karuturi At the beginning of the year Increase/ Decrease At the end of the year	- - - -	- - - -	- - - -	- - - -
6	Sunil Gupta At the beginning of the year Increase/ Decrease At the end of the year	117641 117641	0.01 0.01	117641 117641	0.01 0.01
7	Anantha Chandra Kanth Darshan At the beginning of the year Increase/ Decrease At the end of the year	0 0 0 0	0 0 0 0	0 0 0 0	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	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>
Change in Indebtedness during the financial year			
* Addition	-	20.62	20.62
* Reduction	(4,473.86)	-	(4,473.86)
<b>Net Change</b>	<b>(4,473.86)</b>	<b>20.62</b>	<b>(4,453.24)</b>
Indebtedness at the end of the financial year			
i) Principal Amount	-	1,236.88	1,236.88
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>1,236.88</b>	<b>1,236.88</b>



## 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
	<b>Total (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Ceiling as per the Act	0	0	0

### B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Mahendra Kumar Sunkara	Sunil Gupta	Ashok Herur (upto 23.02.2018)	A C Darshan	
1.	<b>Independent Directors</b>					
	Fee for attending board committee meetings	0	5000	15,000	0	20000
	Commission					
	Others, please specify					
	<b>Total (1)</b>	<b>0</b>	<b>5000</b>	<b>15000</b>	<b>0</b>	<b>20000</b>
2	<b>Other Non-Executive Directors</b>					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	<b>Total (2)</b>					
	<b>Total (B)=(1+2)</b>	<b>0</b>	<b>5000</b>	<b>15000</b>	<b>0</b>	<b>20000</b>
	<b>Total Managerial</b>	<b>0</b>	<b>5000</b>	<b>15000</b>	<b>0</b>	<b>20000</b>
	Remuneration	0		0		
	Overall Ceiling as per the Act					20000

### 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	480000	990000	1470000
	(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	0	0	0	0
	others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>480000</b>	<b>990000</b>	<b>1470000</b>

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## 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	-	--	--	--	-
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: 14.08.2018

Place: Bangalore

## **ANNEXURE-B**

### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

1. Period for which CSR is being reported: From 1st April 2017 to 31st March, 2018.
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. (393.80) 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: 14.08.2018

Place: Bangalore

# Annual Report 2017-18

## 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 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2017-18 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 2017-18 (in Rs)	Percentage increase in remuneration in FY 2017-18	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 2017-18.

1. The percentage increase in the median remuneration of the employees in the financial year: There has been a decrease of 20.31% in median remuneration of employees in FY 2017-18 as compared to FY 2016-17.
2. The number of permanent employees on the roll of the Company: There were 10 employees on the rolls of the Company as on March 31, 2018.
3. The explanation on the relationship between average increase in remuneration and Company performance: The revenue growth during FY 2017-18 over FY 2016-17 was -20.49 % and net profit growth was -102.81%. The average decrease in the remuneration of employees excluding Key Managerial Personnel during FY 2017-18 was 20.31%.
4. a) Variation in the market capitalization: The market capitalization Rs. 19,467.91Lakhs at March 31, 2017 and Rs 30,699.40lakhs at March 31, 2018 i.e. increase in 57.69%.  
b)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, 2018 was 2.05 and 2.03 respectively.
5. There is no increase in remuneration of Directors.



## 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, 2018 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, 2018 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 hereby 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 2018.

**Place : Bangalore**  
**Date: 14th August ,2018**

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

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

Details pursuant to Section 129 of the Companies Act, 2013, relating to Subsidiary Companies 2017-18

Particulars	KFTPL	KFEPL	KFPL	KOL	EMPLC	KAPPLC	SBPLC	SPPLC	FZE	KL	RHL	SHL	YIL	KHL	KSL	Rs in Lacs	
																Total	Total
Capital Reserve	5.00 (448.86)	30.00 (101.16)	200.00 (599.51)	88,305.11 91,099.80	96,462.45 (7,430.64)	27,560.70 (33,542.42)	5,787.75 (23,432.88)	275.61 (112.38)	137.06 51,313.27	3.24 5,863.56	0.65 106.87	0.13 1,715.21	0.01 780.47	0.65 (140.07)	0.65 (12.70)	218,769.00	218,769.00
Detail of Investment	-	-	-	13,185.83	33,333.56	-	-	-	-	-	-	-	2,041.22	-	-	85,058.75	85,058.75
Total Assets	4,135.19	0.09	930.02	353,867.97	416,929.74	235,565.05	143,317.53	3,429.33	90,737.38	10,212.84	2,205.56	3,120.57	2,041.22	18.38	3.43	1,266,514.30	48,560.61
Total Liabilities	4,135.19	0.09	930.02	353,867.97	416,929.74	235,565.05	143,317.53	3,429.33	90,737.38	10,212.84	2,205.56	3,120.57	2,041.22	18.38	3.43	1,266,514.30	1,266,514.30
Turnover	22.12	-	-	17,073.80	-	467.64	-	-	4,972.35	-	-	-	-	-	-	22,535.91	22,535.91
Profit Before Tax	0.15	(0.67)	-	5,246.33	(1,125.98)	(9,403.74)	(2,848.61)	(63.04)	1,382.03	-	-	-	-	-	-	(6,813.53)	(6,813.53)
Less: Provision for Tax	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03	0.03
Profit After Tax	0.12	(0.67)	-	5,246.33	(1,125.98)	(9,403.74)	(2,848.61)	(63.04)	1,382.03	-	-	-	-	-	-	(6,813.55)	(6,813.55)
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 Investment 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, 2018

Anitha Karuturi  
Wholetime Director

Sai Ramakrishna Karuturi  
Chairman & Managing Director

## 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 share holder'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, 2018, the Board of the Company comprised of Six Directors. The Company has an Executive Chairman and one Whole-time Director. The number of Non-Executive Directors being 3, 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	7	8	Yes	0
Anantha Chandrakanth Darshan	Non Executive and Independent Director	5	0	No	0
Anitha Karuturi	Executive & Non Independent Director	7	8	Yes	0
Mahendra Kumar Sunkara	Non Executive and Independent Director	6	0	No	0
Sunil Gupta	Non Executive and Independent Director	6	1	No	0
Ashok Herur (upto 23.Feb.2018)	Non Executive and Independent Director	3	0	Yes	0
Yeshoda Karuturi	Executive & Non Independent Director	6	1	Yes	0

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

No of shares held by non-executive directors as on 31/03/2018 are as below:

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

### b. DATES OF BOARD MEETINGS:

During the year under review 7 Board Meetings were held on the following dates:

30 May 2017, 12 Jul 2017, 15 Aug 2017, 14 Nov 2017, 02 Feb 2018, 13 Feb 2018, 27 Mar 2018

### **Formal Letter of Appointment to the Independent Directors**

The Company has issued formal letter of appointment to all the Independent Directors on their appointment inter-alia explaining their roles, responsibilities, code of conduct, their functions and duties as directors of the Company. The terms and conditions of appointment of Independent Directors have been published on the website of the Company.

### **Familiarisation programme for 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 2017-18, the independent directors met separately on 13th February 2018.

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## 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 2017-18, the Audit Committee met on four times i.e. 30th May 2017, 15th August 2017, 14th November 2017 and 13th February 2018

**The constitution of Audit Committee and attendance of the Members for the year 2017-18 is as under:**

Name of the Member	No of Meetings attended out of four meeting
Mr.Ashok Herur (upto 23.Feb.2018)	3
Mr.Mahendra Kumar Sunkara (Member)	4
Sunil Gupta (Member)	4
Anantha Chandrakanth Darshan (Member)	4

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 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)(upto 23.Feb.2018)	3
Mr.Mahendra Kumar Sunkara (Member)	4
Sunil Gupta (Chairperson)	4
Anantha Chandrakanth Darshan (Member)	4

#### Directors' Remuneration

The details of the remuneration of Directors during FY 2017-18 are given below:

##### Amount

Particulars of Remuneration	Remuneration of MD/WTD/ ED			Total Amount
	Sai Ramakrishna Karuturi	Anitha Karuturi	Yeshoda Karuturi	
Gross salary	0	0	0	0
(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
Stock Option	0	0	0	0
Sweat Equity	0	0	0	0
Commission				
- as % of profit				
- others, specify...	0	0	0	0
Others, please specify				
	0	0	0	0
<b>Total (A)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Ceiling as per the Act	0	0	0	0

Particulars of Remuneration	Remuneration to other Directors				Total Amount
	Mahendra Kumar Sunkara	Sunil Gupta	Ashok Herur (upto 23.02.2018)	Ananth ChandraKanth Darshan	
Fee for attending board committee meetings	0	5000	15,000	0	20000
Commission					
Others, please specify					
<b>Total (1)</b>	<b>0</b>	<b>5000</b>	<b>15000</b>	<b>0</b>	<b>20000</b>
Other Non-Executive Directors					
Fee for attending board committee meetings					
Commission					
Others, please specify					
<b>Total (2)</b>					
<b>Total (B)=(1+2)</b>	<b>0</b>	<b>5000</b>	<b>15000</b>	<b>0</b>	<b>20000</b>
<b>Total Managerial</b>	<b>0</b>	<b>5000</b>	<b>15000</b>	<b>0</b>	<b>20000</b>
Remuneration		0		0	
Overall Ceiling as per the Act					20000

#### 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 3 AGMs are as follows: Year Date and Time Venue

Year	Date and Time	Venue
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
22nd AGM	27-Sept-2017 at 11:00AM	Wadiyar Hall, Century Club, No.1, Seshadri Road, Bangalore-560001

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## DETAILS OF SPECIAL RESOLUTIONS PASSED:

During the 20th, 21st and 22nd Annual General Meeting of the Company, following are the special resolutions passed:

1. Ratification of AGM resolution passed for allotment of fully convertible debentures.
2. Appointment of Sunil Gupta as Independent Director of the Company for 5 consecutive years
3. Appointment of AC Darshan as Independent Director of the Company for 5 consecutive years.
4. Appointment of Ms. Yeshoda Karuturi as Executive Director of the Company, liable to retire by rotation.
5. Appointment of Mr. Ashok Herur as Independent Director of the Company for a term of 5 consecutive years
6. Consolidation of Equity Share Capital
7. Alteration of Memorandum of Association
8. Alteration of Articles of Association.

## MEANS OF COMMUNICATION:

Whether half-yearly reports are sent to each household of shareholders?	No, the financial results are published in the Newspapers, as required under the Listing Regulations.
Website, where results are displayed	The results are displayed on <a href="http://www.karuturi.com">www.karuturi.com</a>
Whether it also displays official news releases	Yes
Website for investor complaints <a href="mailto:investorrelation@karuturi.com">investorrelation@karuturi.com</a>	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.
Newspapers 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-2018 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 <a href="http://www.karuturi.com">www.karuturi.com</a> . 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, Sunil Gupta Non-Executive Director, A C Darshan, Non-Executive Director and Mrs. Anitha Karuturi, who is an Executive Director.

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 2017-18, the Company received 11 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

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

SI. No.	Particulars	Pending As On 31.03.2018
1	Complaint Outstanding as on 01st April 2017	0
2	Complaints received during the year 2017-2018	11
3	Complaints resolved during the year 2017-2018	11
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 2018.

## 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: 29th September, 2018  
Time: 11:00 AM  
Venue: Century Club, # 1, Sheshadri Road, Bangalore- 560001
- ii) Financial Year ending 31st March 2018.
- iii) Listing of Equity Shares on Stock Exchanges: BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-01; National Stock Exchange of India Limited, 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, 2018.
- iii) Date of dispatch of Annual Reports : On or before 6th September 2018.
- iv) Book Closure dates: 23rd September 2018 to 29th September 2018 (both days inclusive).
- v) Extra - ordinary General Meeting of the shareholders was held through postal ballot during the financial year ended 2017-2018.
- vi) Postal Ballot was conducted during the financial year ended 2017-2018.
- vii) As on date of the report special resolutions were 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 31.03.2018:

### KARUTURI GLOBAL LIMITED

#### Distribution Schedule As On 31/03/2018

S.No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	62130	84.04	70621689.00	4.72
2	5001- 10000	5210	7.05	41956227.00	2.80
3	10001- 20000	2919	3.95	44026773.00	2.94
4	20001- 30000	1139	1.54	28730659.00	1.92
5	30001- 40000	508	0.69	18162476.00	1.21
6	40001- 50000	472	0.64	22324346.00	1.49
7	50001-100000	754	1.02	57604592.00	3.85
8	100001& Above	793	1.07	1214104764.00	81.07
	<b>Total:</b>	<b>73925</b>	<b>100.00</b>	<b>1497531526.00</b>	<b>100.00</b>

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## Shareholding pattern as on 31.03.2018:

S.No	Description	Cases	Shares	% Equity
1	Foreign Institutional Investors	1	28438631	1.90
2	Trusts	2	6201	0.00
3	Promoters & Directors	2	25879895	1.73
4	Resident Individuals	70679	499831420	33.38
5	Foreign Companies	3	33416325	2.23
6	Employees	5	76000	0.01
7	Non Resident Indians	507	33744927	2.25
8	Clearing Members	67	6701054	0.45
9	Indian Financial Institutions	1	1500000	0.10
10	Foreign Portfolio Investors	5	50442433	3.37
11	Banks	15	477817878	31.91
12	State Financial Corporation	1	134000	0.01
13	Promoter Group	2	227789190	15.21
14	Non Resident Indian Non Repatriable	230	5108239	0.34
15	Bodies Corporates	649	54284949	3.62
16	Nbfc	6	193000	0.01
17	H U F	1748	21884598	1.46
18	Foreign Corporate Bodies	2	30282786	2.02
<b>Total:</b>		<b>73925</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 2018 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-17	1.53	1.20	1.40	1.35	29918	9304
May-17	1.38	1.11	1.20	1.15	31146	9621
Jun-17	1.27	1.02	1.15	1.05	30922	9521
Jul-17	1.95	1.05	1.40	1.35	32515	10077
Aug-17	1.59	1.12	1.55	1.55	31730	9918
Sep-17	1.73	1.22	1.30	1.20	31284	9789
Oct-17	1.47	1.10	1.15	1.10	33213	10335
Nov-17	1.32	1.09	1.25	1.15	33149	10227
Dec-17	2.25	1.17	1.85	1.80	34057	10531
Jan-18	3.17	1.72	2.75	2.75	35965	11028
Feb-18	2.95	1.72	1.90	1.90	34184	10493
Mar-18	2.81	1.64	2.25	2.05	32969	10114

### 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 | 5. Naivasha<br>Kenya |
| 3. Gambella<br>Ethiopia | 4. Bako<br>Ethiopia   |                      |

### Address for Correspondence: Registered Office

No.204, Embassy Center, 11 Crescent Road, Bangalore – 560001, India. Ph : 080 - 23085300

Email: investorrelations@karuturi.com

### Corporate Office

No.204, Embassy Center, 11 Crescent Road, Bangalore – 560001, India. Ph : 080 - 23085300

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. Khushboo Sharma  
Email: cs@karuturi.com  
Tel No: 080-23085300

## 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.

Year	Type of dividend	Dividend per share	Date of declaration of Dividend	Due date for transfer to IEPF
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



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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

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 during the financial year 2017-18 were in the ordinary course of business and on arm's length pricing basis and do not attract provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of Company. Suitable disclosures as required by Accounting standard (AS 18) have been made in the Financial Statements.

The Board has approved a policy for related party transactions which can be accessed at the Company's website.

### ii) Compliance with Accounting Standard

In the preparation of the financial statements, the Company has followed the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

### iii) Disclosures on materially significant related party transactions that may have potential conflict with the interest of Company at large

Details of transactions with the related parties as specified in Accounting Standard 18 have been reported in the Financial Statements.

There was no transaction of a material nature with any of the related parties was in conflict with the interest with the Company

### iv) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

Nil

### vi) Whistle-Blower Policy and affirmation that no personnel has been denied access to the

## Audit Committee

The Board has approved a whistle-blower policy/ vigil mechanism which has been communicated to the employees. The policy provides a mechanism for employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of Company's code of conduct and provides safeguards against victimisation of employees who avail the mechanism. The policy permits reporting any concern relating to financial/accounting matters and employees at the levels of Vice-Presidents and above as also the Ethics counsellors directly to the Chairman of the Audit Committee.

The policy with the name and address of Chairman of the Audit Committee has been circulated to the employees. No employee has been denied access to the Chairman of the Audit Committee. The Whistle Blower policy can be accessed at the Company's website.

### vii) Details of compliance with mandatory requirements and adoption of the no mandatory requirements of this Clause.

The Company is compliant with all the mandatory requirements of SEBI (Listing Obligation and Disclosure Requirements,) Regulations 2015 of the Listing Agreement for 2017-18.

Policy on determining material subsidiary and policy on dealing with related party transaction is disclosed on <http://www.karuturi.com/>

Disclosure of Commodity price risks and commodity hedging activities.

The Company uses derivative financial instrument and cash flow hedges to manage risk associated with certain highly forecasted probable transaction,

Non-Compliance of any requirement of Corporate Governance Report

There have been no instance of non-compliance of any requirement of corporate Governance report as prescribed by SEBI (Listing obligation and Disclosure Requirements), Regulations 2015.

Compliance on discretionary requirements:

The company has fulfilled the following discretionary requirement:

The internal auditor of the company presents its report to the audit committee.

## Compliance with Regulation 39(4) of the Listing Regulations

Pursuant to Regulation 39(4) read with Schedule VI of the Listing Regulations, for shares issued in physical form

pursuant to a public issue, which remain unclaimed, the issuer Company has to comply with the following procedure:

- a) Send at least three reminders to the addresses given in the application form as well as the latest address available as per the Company's record asking for the correct particulars.
- b) If no response is received, the issuer Company shall transfer all the shares into one folio in the name of "Unclaimed Suspense Account"

#### Disclosure on compliance with the listing regulations

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.

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## Auditor's Certificate on Corporate Governance

To

**The Members**

**Karuturi Global Limited**

1. We, H. Muralidhar & 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, 2018, 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, 2018.
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: 30th May, 2018

**H. Muralidhar & Co**  
Chartered Accountants  
Firm's registration number: 011874S

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31.03.2018

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

To

#### The Members

#### Karuturi Global Limited

Bangalore

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 31.03.2018 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 31.03.2018 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.
- (vi) 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
- 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

# Annual Report 2017-18

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) The newspaper advertisements of the Board Meeting notice were not published.
- b) RBI filings including ECB 2 returns were not available.

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: 14.08.2018

Ajay Behera  
C P No.: 7980  
M. No. A21817

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: 14.08.2018

Ajay Behera  
C P No.: 7980  
M. No. A21817



## To The Members 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, 2018, 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. (herein after referred to as "standalone Ind AS financial statements").

### Management's Responsibility for the Ind AS 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 Standalone Ind AS 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 have 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 Standalone 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. 865.33 Lakhs and Purchasing amounting to Rs. 808.4 Lakhs, Wherein we observed that, there is a difference sales of 221.22 Lakhs and Purchase difference of 213.68 lakhs compared to VAT & GST returns filed by the Company. The company is not filing GST, VAT and TDS returns on time.

### 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, 2018, 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 Indian Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of

## Annual Report 2017-18

Directors, the following directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- a. Sai Ramakrishna Karuturi
- b. Anitha Karuturi

- 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 IndAS financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For and on behalf of

**H. Muralidhar & Co**

Chartered Accountants

Firm's registration number: 011874S

H. Muralidhar

Membership number: 220686

Place: Bangalore

Date: 30th May, 2018

## **“Annexure A” to the Independent Auditors’ 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, 2018:

- 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 movable and immovable properties are held in the name of the company, except Land at Doddaballapur and Car are not held in the name of company.
- 2) As per the information provided by the management, has conducted the physical verification of inventory at reasonable intervals.
- 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.
- 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:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Amount (in Lakhs)</b>	<b>Period to which the amount relates</b>
Income Tax Act 1961	Tax Deducted at Source	214.21	AY 2015-16 and prior
Karnataka VAT Act 2003	Value Added Tax	2.49	AY 2013-14
Karnataka VAT Act 2003	Value Added Tax	1.71	AY 2014-15
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	0.56	AY 2014-15
Income Tax Act 1961	Tax Deducted at Source	30.33	AY 2016-17
Finance Act, 1994	Service Tax	0.25	AY 2015-16
Karnataka VAT Act, 2003	Value Added Tax	0.52	AY 2015-16
Finance Act, 1994	Service Tax	0.16	AY 2016-17
Finance Act, 1994	Service Tax	0.17	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:

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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.Y2006-07	Commissioner/CESTAT (Appeals)
Income Tax Act 1961	Income Tax	863.44	A.Y2005-06	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	793.33	A.Y2006-07	High Court of Karnataka
		600.00	A.Y2006-07	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	1,850.91	A.Y2007-08	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	19,303.07	A.Y2008-09	Income Tax Appellate Tribunal,
		3,254.27	A.Y2009-10	Income Tax Appellate Tribunal,
		4,830.70	A.Y2010-11	Income Tax Appellate Tribunal,
Income Tax Act 1961	Income Tax	5,706.24	A.Y2011-12	Income Tax Appellate Tribunal,
Income Tax Act 1961	Income Tax	5,472.63	A.Y2012-13	Income Tax Appellate Tribunal,
		5,471.86	A.Y2013-14	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	1,493.84	A.Y2014-15	Commissioner (Appeals) Bangalore
Karnataka Tax on entry of goods act, 1979	Entry tax	0.97	A.Y2007-08	Joint Commissioner of Commercial Taxes, Audit-13, VATDVO-1
Karnataka Tax on entry of goods act, 1979	Entry tax	3.87	A.Y2008-09	Joint Commissioner of Commercial Taxes, Audit-13, VATDVO-1
Karnataka Tax on entry of goods act, 1979	Entry tax	1.57		Joint Commissioner of Commercial Taxes, Audit-13, VATDVO-1

- 8) In our opinion and according to the information and explanations given to us, the Company has defaulted in the repayment of dues to banks and the same under dispute. 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, no 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 not 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  
**H Muralidhar & Co**  
Chartered Accountants  
Firm's registration number: 011874S

H Muralidhar  
Membership number: 220686  
Place: Bangalore  
Date: 30th May, 2018

**“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, 2018 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 Statutory dues transactions as evidenced in the basis of qualified opinion paragraph in audit report and in the annexure A. The default in filing of returns were observed & informed.

**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, 2018, 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  
**H Muralidhar & Co**  
Chartered Accountants  
Firm’s registration number: 011874S

H Muralidhar  
Membership number: 220686  
Place: Bangalore  
Date: 30th May, 2018



# Annual Report 2017-18

## Balance Sheet as at 31st March 2018

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	31.03.2018	31.03.2017
<b>Assets</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
- Tangible Assets	2.11	710.91	749.61
- Intangible Assets	2.11	0.31	0.31
Non Current Investments	2.12	64,040.12	63,592.22
Deferred Tax Assets (net)	2.4	1,083.17	1,067.36
Long Term Loans and Advances	2.13	36,084.96	35,976.61
Other Non Current Assets	2.14	9,359.20	9,989.61
<b>Current Assets</b>			
Inventories	2.15	87.12	92.42
Trade Receivables	2.16	3,035.72	3,096.35
Cash and Bank balances	2.17	37.63	54.54
Short-Term Loan and Advances	2.18	45,148.72	45,229.29
Other Current Assets	2.19	73.61	71.66
<b>Total</b>		<b>159,661.46</b>	<b>159,919.99</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	14,975.32	14,975.32
Reserves and Surplus	2.2	135,279.12	135,422.94
<b>Non-Current Liabilities</b>			
Long-Term borrowings	2.3	46.07	46.10
Deferred Tax Liabilities (Net)	2.4	-	-
Other Long Term Liabilities	2.5	-	-
Long Term Provisions	2.6	8.94	8.29
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	804.14	7,670.77
Trade Payables	2.8	811.04	918.77
Other Current Liabilities	2.9	7,554.60	695.59
Short Term Provisions	2.10	182.24	182.24
<b>Total</b>		<b>159,661.46</b>	<b>159,919.99</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 H Muralidhar & Co.,**

Chartered Accountants

Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**

M. No. 220686

**Yeshoda Karuturi**

Director

**A C Darshan**

Director

Place: Bangalore

Date: 30/05/2018

Place: Bangalore

Date: 30/05/2018

# Statement of Profit and loss account for the year ended 31.03.2018

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending 31.03.2018	Year Ending 31.03.2017
<b>Income</b>			
Revenue	2.20	865.33	1,015.58
Other Income	2.21	9.62	84.81
<b>Total Revenue</b>		<b>874.95</b>	<b>1,100.38</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.22	17.99	30.75
Purchase of Stock-in Trade	2.23	790.68	871.30
Cost of services rendered	-	-	-
(Increase)/Decrease in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade	2.24	5.13	9.88
Employee Benefits Expense	2.25	59.51	77.91
Finance Costs	2.26	0.16	125.24
Depreciation Expenses	2.11	36.70	74.56
Other Expenses	2.27	159.86	188.17
<b>Total Expenses</b>		<b>1,070.04</b>	<b>1,377.82</b>
<b>Profit / (Loss) before exceptional and tax</b>		<b>(195.09)</b>	<b>(277.43)</b>
Exceptional items	2.29	174.52	-
<b>Profit / (Loss) before prior period &amp; tax</b>		<b>(20.57)</b>	<b>(277.43)</b>
Prior period items	2.28	0.79	-
<b>Profit / (Loss) Before Tax</b>		<b>(21.36)</b>	<b>(277.43)</b>
Current Tax		-	-
Deferred Tax Charge / (Credit)		(15.81)	(384.34)
<b>Profit / (Loss) After Tax</b>		<b>(5.55)</b>	<b>106.91</b>
Other Comprehensive Income		2.54	0.11
<b>Profit / (Loss) from after tax</b>		<b>(3.00)</b>	<b>107.02</b>

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

As Per our Report of even date attached

**For H Muralidhar & Co.,**

Chartered Accountants

Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**

M. No. 220686

**Yeshoda Karuturi**

Director

**A C Darshan**

Director

Place: Bangalore

Date: 30/05/2018

Place: Bangalore

Date: 30/05/2018

# Annual Report 2017-18

## Cash Flow Statement For The Year Ended 31st March 2018.

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	31.03.2018	31.03.2017
<b>A. Cash Flows from Operating Activities</b>		
Profit before tax	(20.57)	(277.43)
Net Cash Adjustment to reconcile profit before tax to net cash Flows		
Depreciation /amortization on continuing operation	36.70	74.56
Prior Period Income	-	-
Exceptional items	(174.52)	-
Write back of ESOP's	-	(29.46)
Interest expense	0.16	125.24
Interest Income	(1.27)	(4.02)
Sundry Balance Written Off	(14.26)	(9.77)
Dividend Income	5.92	0.52
Exchange (Gain)/Loss	30.14	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(137.71)</b>	<b>(120.36)</b>
Movement In working Capital :		
Increase in Liabilities	(108.21)	(717.45)
Increase/(Decrease) in other long term Liabilities	6,859.01	-
(Increase)/Decrease in Trade Receivables	60.63	(408.84)
(Increase)/Decrease in Inventories	5.31	10.33
(Increase)/Decrease in Other Current and Non-Current Assets	21.43	53.68
Cash Generated from/(used in operations)	<b>6,700.47</b>	<b>(1,182.64)</b>
<b>Net Cash Flow from(used in ) Operating Activities (A)</b>	<b>6,700.47</b>	<b>(1,182.64)</b>
<b>B. Cash Flows from Investing Activities</b>		
"Purchase of Fixed Assets Including intangible asset,CWIP and Capital Advances"	-	-
Proceeds from sale of Fixed Asset	2.00	-
Proceeds of non current Investment	16.85	18.88
Purchase of non current Investment	114.51	(1,410.04)
Interest Received	1.27	4.02
Dividend Received	(5.92)	(0.52)
<b>Net Cash flow from(used in) Investing Activities (B)</b>	<b>128.71</b>	<b>(1,387.66)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Issuance of Share Capital	-	4,778.05
Increase in Reserves - Security Premium	-	22,084.45
Increase in Capital Reserves	-	1,087.50
Increase / Decrease in Unsecured Loans	(2.14)	(42,374.99)
Exchange Gain/(Loss)	20.74	16,894.79
Increase / Decrease in secured Loans	(6,864.53)	307.11
Interest Paid	(0.16)	(203.43)
<b>Net Cash flow from/(used in ) Financing Activities (C)</b>	<b>(6,846.09)</b>	<b>2,573.48</b>
Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)	(16.91)	3.19
Effect of exchange difference on cash & cash equivalent held in foreign Currency		
Cash and Cash Equivalents at the beginning of the year	54.54	51.35
Cash and Cash Equivalents at the end of the Year	37.63	54.54
<b>Net Increase/(decrease) in Cash and Cash equivalents during the year</b>	<b>(16.91)</b>	<b>3.19</b>
<b>Components of cash and cash equivalents (Refer note 2.17)</b>		
Cash on hand	0.52	1.88
Balances in Current Accounts		
<b>Other Bank Balances</b>	<b>1.76</b>	<b>9.99</b>
<b>Fixed deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	25.10	24.05
<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)	9.17	17.55
<b>Total</b>	<b>37.63</b>	<b>54.54</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 H Muralidhar & Co.,**

Chartered Accountants

Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**

M. No. 220686

Place: Bangalore

Date: 30/05/2018

**Yeshoda Karuturi**

Director

Place: Bangalore

Date: 30/05/2018

**A C Darshan**

Director

## 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 scrip 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

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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 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:**

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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	31.03.2018		31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b> Equity shares of Re.1/- each	2,000,000,000	20,000.00	1,500,000,000	15,000.00
<b>Subscribed, Issued and Paid Up:</b> " Equity shares of Re.1/- each fully paid up "	1,497,531,526	14,975.32	1,497,531,526	14,975.32
	<b>1,497,531,526</b>	<b>14,975.32</b>	<b>1,497,531,526</b>	<b>14,975.32</b>

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

Particulars	31.03.2018		31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of Equity Shares outstanding at the beginning of the year	1,497,531,526	14,975.32	1,019,726,648	10,197.27
Number of Equity Shares Issued during the year	-	-	477,804,878	4,778.05
<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>1,497,531,526</b>	<b>14,975.32</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 2018		31 March 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rhea Holdings Private Limited	340,513,434	22.74%	-	-
Deutsche Bank A.G	75,000,000	5.01%	75,000,000	5.01%

## 2.2 RESERVE AND SURPLUS

Particulars	31/Mar/18	31/Mar/17
<b>Capital Reserve</b>		
Opening Balance	1,640.58	553.08
Add: Amount Transferred	-	1,087.50
<b>Closing Balance</b>	<b>1,640.58</b>	<b>1,640.58</b>
<b>Securities Premium Account</b>		
Opening Balance	93,796.30	72,412.03
Add: Received during the year	-	21,384.27
Add: Credit on account of reversal of GDR issue expenses	-	-
<b>Closing Balance</b>	<b>93,796.30</b>	<b>93,796.30</b>
<b>Share Options Outstanding Account</b>		
Opening Balance	-	29.47
Add: Amount Transferred during the year	-	-
Less: Deferred ESOP outstanding written back	-	29.47
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Foreign Currency Monetary Translation Reserve</b>		
Opening Balance	40,064.04	22,548.95
Add: Amount Transferred during the year	1,669.83	24,319.51
Less:-Amount Utilised during the year	1,810.65	6,804.42
<b>Closing Balance</b>	<b>39,923.23</b>	<b>40,064.04</b>
<b>General Reserve</b>		
Opening Balance	787.59	787.59
Add: Amount Transferred	-	-
Less: Amount utilised	-	-
<b>Closing Balance</b>	<b>787.59</b>	<b>787.59</b>
<b>Surplus / (Deficit) balance in the Statement of Profit and Loss</b>		
Opening Balance	(865.57)	(972.59)
Add: Profit for the Year	(3.00)	107.02
Less: Adjustment	-	-
<b>Closing Balance</b>	<b>(868.58)</b>	<b>(865.57)</b>
<b>Total</b>	<b>135,279.12</b>	<b>135,422.94</b>

## 2.3 Long Term Borrowings

Particulars	31.03.2018		31.03.2017	
	Non-Current	Current	Non-Current	Current
<b>A. Secured Loans</b>				
1) From others	-	-	-	-
NHB Soft Loan (Refer note 2.3A)	-	178.56	-	178.56
Bank Loans (Refer note 2.3A)	-	6,864.64	-	-
<b>B. Unsecured</b>				
1) from others	-	-	-	-
Loans and advance from related parties (Refer note 2.3B)	46.07	-	46.10	-
<b>Total</b>	<b>46.07</b>	<b>7,043.20</b>	<b>46.10</b>	<b>178.56</b>
Less: Current maturities of long term debt disclosed under other current liabilities.	-	7,043.20	-	178.56
<b>Net Long term Borrowings</b>	<b>46.07</b>	<b>-</b>	<b>46.10</b>	<b>-</b>

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## 2.3 A) Details of Secured Loans:

Sl. No.	Name of Bank/ Financial Institution	Details of Security	Amt. of Outstanding		Repayment Terms
			31.03.18	31.03.17	
1	National Horticulture Board, Bangalore	Equitable Mortgage Freehold land, Building, Plant & Machinery at Naranahalli, Doddaballapura	178.56	178.56	To be set off against deposits with High Court
2	Axis Bank Ltd, Bangalore - Working capital facility	First charge on Pari passy basis on Current assets of the company, second charge on Fixed assets of the company, Personal Guarantee of Dir. - Sai Ramakrishna Karuturi	1,280.21	-	
3	Axis Bank Ltd, Bangalore - Short term loans	Pari passu charge on current assets & fixed assets of Karuturi Global Ltd, India	5,584.43	-	Case is pending with Debt Recovery Tribunal.
<b>Total</b>			<b>7,043.20</b>	<b>178.56</b>	

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

Sl. No	Name of Person /Company/Institution	Repayment	Amount O/s as on 31-03-2018	Amount O/s as on 31-03-2017
1	Anitha Realty Pvt Ltd	Receivable in 2018-19	46.07	46.10

## 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 2018 are as under:

Particulars	31.03.18	31.03.17
<b>Deferred Tax Assets:</b>		
Compensated absences		
Opening Balance	1,067.37	683.03
Additions during the year	15.81	384.34
Deletions during the year	-	-
<b>Net (Deferred Tax Liabilities)/Assets</b>	<b>1,083.18</b>	<b>1,067.37</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	31.03.18	31.03.17
<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>

## 2.6 Long Term Provisions

Particulars	31.03.18	31.03.17
<b>Employee Benefits</b>		
Gratuity (Unfunded) (Ref Note 3.8)	7.21	6.87
Compensated absences(Unfunded) (Ref Note 3.8)	1.73	1.42
<b>Total</b>	<b>8.94</b>	<b>8.29</b>

## 2.7 Short term borrowings

Particulars	31.03.18	31.03.17
<b>Secured</b>		
<b>From Bank</b>		
Working Capital Facilities from Banks (refer table no 2.7A)	-	1,280.21
Other short term loans	-	5,584.31
	<b>-</b>	<b>6,864.53</b>
<b>Unsecured</b>		
<b>Bank Overdraft</b>		
From Others	-	-
Loans and advances from Related Parties (refer table no 2.7B)	202.72	204.83
Inter Corporate Deposits - Payable on demand *	601.42	601.42
	<b>804.14</b>	<b>806.24</b>
<b>Total</b>	<b>804.14</b>	<b>7,670.77</b>

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

## 2.7 A Details of security

Sl. No.	Name of Bank/ Financial Institution	Details of Security	Amount of Outstanding		Repayment Terms
			31.03.18	31.03.17	
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	Case is pending with Debt Recovery Tribunal.

## 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 31.03.17
	<b>Short Term Loan</b>			
1	Karuturi Foods Pvt Ltd	Repayable on demand	148.32	150.56
2	Karuturi Telecom Pvt Ltd	Repayable on demand	15.55	15.55
3	Sher Karuturi Ltd	Repayable on demand	38.85	38.72

## 2.8 Trade payables

Particulars	31.03.18	31.03.17
<b>Trade Payables</b>		
- due to Micro, Small & Medium Enterprises*	-	-
- others Creditors**	811.04	918.77
- acceptances	-	-
<b>Total</b>	<b>811.04</b>	<b>918.77</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	31.03.18	31.03.17
Current maturities of long & short term debt(Refer Note 2.3)	7,043.20	178.56
Unpaid dividends	10.72	18.31
Statutory remittances	259.87	259.74
Liabilities for expenses	0.78	0.57
Advance received from Customers	18.50	18.10
Expenses due to Related Party*	-	-
Employee benefits payable	46.40	45.18
Other Amount Payable	175.12	175.12
<b>Total</b>	<b>7,554.60</b>	<b>695.59</b>

## 2.10 Short Term Provisions

Particulars	31.03.18	31.03.17
<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	182.24
<b>Total</b>	<b>182.24</b>	<b>182.24</b>



## 2.11 Fixed Assets

Particulars	Gross Block				Depreciation				As at 31st March 2018	As at 31st March 2017
	As at 1st April 2017	Additions	Sub total	Disposals/ Other adjustments	As at 31st March 2018	As at 1st April 2017	Depreciation	Salvage Value		
Tangible Assets										
Land *	189.87	-	189.87	-	189.87	-	-	9.49	189.87	189.87
Building	276.22	-	276.22	-	276.22	103.38	8.75	13.81	164.08	172.83
Borewell	3.91	-	3.91	-	3.91	2.90	0.17	0.20	0.84	1.01
Greenhouse	348.35	-	348.35	-	348.35	198.31	16.05	17.42	133.98	150.04
Plant and Machinery	65.14	-	65.14	-	65.14	56.17	2.08	3.26	6.89	8.97
Plantation	318.24	-	318.24	-	318.24	127.30	-	15.91	190.94	190.94
Furniture and Fixtures	87.68	-	87.68	-	87.68	76.37	0.49	4.38	10.82	11.31
Computers	43.64	-	43.64	-	43.64	43.48	0.01	2.18	0.15	0.16
Vehicles **	139.96	-	139.96	2.00	137.96	122.78	4.30	7.00	10.88	17.18
Vehicles- Leasehold	48.95	-	48.95	-	48.95	41.64	4.85	2.45	2.45	7.30
Total Tangible Assets	1,521.94	-	1,521.94	2.00	1,519.94	772.33	36.70	76.10	809.03	749.61
Intangible Assets										
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
Total Intangible Assets	7.80	-	7.80	-	7.80	7.49	-	0.39	0.31	0.31
Grand Total	1,529.74	-	1,529.74	2.00	1,527.74	779.82	36.70	76.49	816.52	749.92
Previous Year	1,529.74	-	1,529.74	-	1,529.74	705.76	74.56	76.49	700.76	824.49

The title in respect of land acquired by the company at a cost of Rs. 189.87 lakhs are held in the name of Mr. Anil Turnu, a relative of KMP Person. An 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.

## 2.12 Non Current investments

Particulars	31.03.18	31.03.17
<b>Unquoted Trade investment</b>		
Investment in Subsidiaries	63,996.42	63,531.67
Less: Provision for diminution in the value of Investments	-	-
	<b>63,996.42</b>	<b>63,531.67</b>
<b>Other Investment</b>		
<b>Investments in Government or Trust securities:</b>		
Indira Vikasa Patra	1.20	1.20
	<b>1.20</b>	<b>1.20</b>
<b>Investments in Mutual Funds:</b>		
Kotak Mahindra Realty fund-HNI Fund	42.50	59.35
	<b>42.50</b>	<b>59.35</b>
<b>Total</b>	<b>64,040.12</b>	<b>63,592.22</b>

## 2.12 A Investments (Unquoted)

Particulars	Face Value per Share	31.03.2018		31.03.2017	
		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	498,925,000	63,206.42	495,225,000	62,741.67
Karuturi Foods Pvt. Ltd., (100%)	Rs. 10	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
<b>Total</b>			<b>63,996.42</b>		<b>63,531.67</b>

During the year, Company has been allotted 1 Million shares by way of converting earlier loan given by the company into Equity.

## 2.13 Long term loans and advances

Particulars	31/Mar/18	31/Mar/17
<b>Unsecured, Considered good</b>		
Secured, considered good		
Loans to Subsidiaries*	34,481.35	34,372.41
Balance with government authorities	929.89	929.89
Other Receivables	-	-
Prepaid Expenses	673.72	674.32
Less: Provision for doubtful loans and advances	-	-
<b>Total</b>	<b>36,084.96</b>	<b>35,976.61</b>

\*Loan to Subsidiary is as:

Particulars	31/Mar/18	31/Mar/17
Karuturi Overseas Limited	34,481.35	34,372.41
<b>Total</b>	<b>34,481.35</b>	<b>34,372.41</b>

## 2.14: Other Non Current Assets

Particulars	31/Mar/18	31/Mar/17
Share application money pending allotment		
Karuturi Overseas Limited	9,106.17	9,726.30
Security Deposits	-	-
Leasehold Land Deposit *	250.59	250.61
Deferred Land Development Expenses *	-	10.36
Other Bank Balances		
FD Maturity more than 12 months	2.43	2.34
<b>Total</b>	<b>9,359.20</b>	<b>9,989.61</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.

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## 2.15: Inventories

Particulars	31/Mar/18	31/Mar/17
"Raw Materials and components (Valued at Cost or market price which ever is lower using FIFO method) "	2.13	2.31
Goods-in transit	-	-
less: provision for obsolete and slow moving	-	-
<b>Net</b>	<b>2.13</b>	<b>2.31</b>
" Work-in-progress (Valued at net realisable value basis) "	76.30	80.96
Goods-in transit	-	-
	<b>76.30</b>	<b>80.96</b>
" Finished goods(Valued at net realisable value basis) "	0.51	0.72
" Stock in Trade(Valued at Cost or market price which ever is lower using FIFO method) "	8.17	8.43
less: provision for obsolete and slow moving	-	-
<b>Net</b>	<b>8.68</b>	<b>9.15</b>
<b>Total</b>	<b>87.12</b>	<b>92.42</b>

## 2.16: Trade receivables

Particulars	31/Mar/18	31/Mar/17
<b>Unsecured</b>		
a) Debts outstanding for Period Exceeding Six Months from the date it became due for payment		
Secured, considered good		
Related Party Debtors		
Considered Good	1,583.85	1,579.98
Considered Doubtful		
Other than Related Party Debtors		
Considered Good	1,451.87	1,516.37
Considered Doubtful	42.85	99.44
	<b>3,078.56</b>	<b>3,195.79</b>
Less: Provision for Doubtful Debts - Related Party	-	-
Less: Provision for Doubtful Debts - other than Related Party	42.85	99.44
<b>Total</b>	<b>3,035.72</b>	<b>3,096.35</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/18	31/Mar/17
<b>Cash and cash equivalents</b>		
Cash on Hand	0.52	1.88
Cash at Bank	-	-
Balances in Current Accounts	1.76	9.99
<b>Other Bank Balances</b>	<b>-</b>	<b>-</b>
<b>Fixed deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	25.10	24.05
<b>Margin Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	1.07	1.07
Unpaid Dividend Accounts	9.17	17.55
<b>Total</b>	<b>37.63</b>	<b>54.54</b>

## 2.18: Short term loan and advances

Particulars	31/Mar/18	31/Mar/17
<b>Unsecured, Considered Good</b>		
Secured, considered good		
Advance to Related Parties*	44,630.42	44,698.50
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	<b>44,630.42</b>	<b>44,698.50</b>
<b>Others</b>		
Advance to Staff	1.35	12.78
Advance for Purchases	6.93	6.93
Others Receivables	302.50	302.60
Security Deposits	207.52	207.52
Subsidy/Export Incentive	-	-
Prepaid Expenses	-	0.96
	<b>518.30</b>	<b>530.79</b>
<b>Total</b>	<b>45,148.72</b>	<b>45,229.29</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/18	31/Mar/17
Karatursi Overseas Limited	70,561.38	70,987.34
Karatursi Agro Products Plc	315.77	379.57
<b>Total</b>	<b>70,877.15</b>	<b>71,366.91</b>

## 2.19 Other Current Assets

Particulars	31/Mar/18	31/Mar/17
Deferred Land Development Expenses *	-	-
Statutory Receivables	10.51	8.57
Subsidy/ Export Incentive Accrued	63.09	63.09
<b>Total</b>	<b>73.61</b>	<b>71.66</b>

\* Refer Note no. 2.11

## 2.20: Revenue from operations (Net)

Particulars	31/Mar/18	31/Mar/17
Sale of Agriculture Produce*		
- Indigeneous	865.33	1,015.58
- Export	-	-
Sale of Traded Products	-	-
Sale of Services	-	-
- Indigeneous	-	-
- Export	-	-
<b>Total</b>	<b>865.33</b>	<b>1,015.58</b>

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

Flowers	26.73	83.19
Plant & Plant Materials	838.60	932.39
<b>Total</b>	<b>865.33</b>	<b>1,015.58</b>

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## 2.21: Other income

Particulars	31/Mar/18	31/Mar/17
<b>Dividend</b>		
From Long Term Investments	-5.92	-0.52
Interest	-	-
Fixed deposits	1.27	1.38
Other Interest	-	2.64
Profit on sale of Investments	-	-
Lease Rental Income	-	-
Creditors Written Back	14.26	9.77
Insurance Claim	-	-
Miscellaneous Income	-	31.03
Subsidy/ Export Incentive	-	-
Profit / (Loss) on sale of Fixed Assets	-	-
Written back of ESOP	-	-
Exchange Gain	-	40.51
Premium on forward contracts	-	-
<b>Total</b>	<b>9.62</b>	<b>84.81</b>

## 2.22: Cost of Material Consumed

Particulars	31/Mar/18	31/Mar/17
Opening stock	2.31	2.77
Add: Purchases	17.81	30.30
Add: Direct Expenditure	-	-
Add (Less:) Raw material received (transferred)	-	-
Less: Closing stock	2.13	2.31
<b>Total</b>	<b>17.99</b>	<b>30.75</b>

## 2.23: Purchases of stock in trade

Particulars	31/Mar/18	31/Mar/17
Purchase of Traded Goods	790.68	871.30
<b>Total</b>	<b>790.68</b>	<b>871.30</b>

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

Particulars	31/Mar/18	31/Mar/17
<b>Opening 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>Less: Closing Stock</b>		
Finished goods	0.51	0.72
Work-in-progress-Plant & Plant Materials	76.30	80.96
Stock in Trade	8.17	8.43
	<b>84.98</b>	<b>90.11</b>
<b>(Increase)/Decrease in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade</b>	<b>5.13</b>	<b>9.88</b>

Particulars	31/Mar/18	31/Mar/17
<b>Details of Opening 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>
<b>Details of Closing Stock of Finished Goods:</b>		
Plant & Plant Materials	-	-
Flowers	0.51	0.72
<b>Sub-Total</b>	<b>0.51</b>	<b>0.72</b>

## 2.25: Employee benefits expense

Particulars	31/Mar/18	31/Mar/17
Salary, Allowances and Termination Benefits	58.33	76.30
Staff Welfare Expenses	0.47	0.87
Contribution to Provident Fund	0.71	0.74
<b>Total</b>	<b>59.51</b>	<b>77.91</b>



## 2.26: Finance Cost

Particulars	31/Mar/18	31/Mar/17
Interest on Finance Lease obligation	-	-
Interest on Term Loan & Working Capital Borrowings	-	75.47
Interest On Inter Corporate deposits	-	-
Foreign Exchange Gain/Loss on account of Borrowing Cost	-	-
Interest on Others	-	-
Bank Charges	0.16	49.77
<b>Total</b>	<b>0.16</b>	<b>125.24</b>

## 2.27: Other Expenses

Particulars	31/Mar/18	31/Mar/17
Advertisement Expenses	2.89	3.40
Auditors Remuneration*	4.02	5.02
Provision for Bad and Doubtful Debts	-	-
Business Promotion Expenses	0.24	0.80
Custodian & Exchange Listing Fees	34.65	15.93
Directors Sitting Fees	0.20	0.98
Freight, Clearing & Forwarding Charges	0.04	0.38
General Expenses	4.06	15.46
Insurance	1.07	0.90
Professional charges & Membership Fee	11.33	22.08
Power Charges	13.54	16.82
Printing & Stationery	1.25	1.15
Rates & Taxes	2.91	1.75
Rent	2.22	1.00
Repairs & Maintenance - Building	-	-
Repairs & Maintenance - Machinery	-	-
Repairs & Maintenance - Others	9.48	15.93
Communication Expenses	2.73	2.85
Traveling and conveyance	23.85	7.88
Subsidy Reversal	-	-
Vehicle Maintenance	1.72	3.64
Prior Period Expenses	-	68.26
Security Charges	3.16	3.95
Foreign exchange loss	-	-
<b>Total</b>	<b>119.36</b>	<b>188.17</b>

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

Particulars	31/Mar/18	31/Mar/17
Statutory Audit & Limited Review Fees	2.94	3.94
Tax Audit Fees	0.85	0.85
Reimbursement of Expenses	0.23	0.23
<b>Total</b>	<b>4.02</b>	<b>5.02</b>

## 2.28: Prior period items

Particulars	31/Mar/18	31/Mar/17
Foreign Exchange Gain/Loss on account of Borrowing Cost	-	-
Foreign Exchange Gain/ Loss	-	-
Reversal of Exchange Gain for Prior Years	-	-
Other Expenses	0.79	-
<b>Total</b>	<b>0.79</b>	<b>-</b>

## 2.29: Exceptional items

Particulars	31/Mar/18	31/Mar/17
FCTMR Gain/loss on conversion Investment	174.52	-
Others	-	-
<b>Total</b>	<b>174.52</b>	<b>-</b>

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## 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/18	31/Mar/17
Contingent Liabilities		
Disputed Income Tax dues (as detailed below)	49,640.29	41,593.36
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	45,183.81	45,208.81
<b>Total</b>	<b>95,060.63</b>	<b>87,038.70</b>

a) The Company has received a demand for Rs. 863.44 Lakh for AY 2005-06, Rs. 1393.33 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. 5706.24 Lakhs for AY 2011-12, Rs. 5472.63 Lakhs for AY 2012-13, Rs. 5471.86 lakhs for AY 2013-14 and Rs. 1493.84 for AY 2014-15 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.

### 3.3 Expenditure in foreign currency

Particulars	31/Mar/18	31/Mar/17
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/18		31/Mar/17	
	Rs.	%	Rs.	%
Raw materials				
Indigenous				
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 3.5 Earnings in Foreign Currency

Particulars	31/Mar/18	31/Mar/17
Export of goods calculated on F.O.B basis	-	-
Other Income (Lease rental income)	-	-
<b>Total</b>	<b>-</b>	<b>-</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/18	31/Mar/17
Employer's contribution to Provident Fund	0.71	0.74
<b>Total</b>	<b>0.71</b>	<b>0.74</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	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the beginning of the period (1st April 2017)	6.87	7.50	1.42	-
Acquisition Adjustment	-	-	-	-
Interest Cost	0.53	-	0.11	-
Past Service Cost	-	-	-	-
Current Service Cost	0.92	-	0.15	-
Curtailment Cost	-	-	-	-
Settlement Cost	-	-	-	-
Benefits Paid	-	(0.63)	-	-
Actuarial (gain)/loss on obligation	(1.11)	-	0.05	-
Present Value of Obligation as at the end of period (31st March 2018)	7.21	6.87	1.73	1.42

#### The amounts recognized in Balance Sheet:

Particulars	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present Value of obligation as at the end of the period	7.21	6.87	1.73	1.42
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded Status	(7.21)	(6.87)	(1.73)	(1.42)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
Net Asset/(Liability) recognized in balance sheet	(7.21)	(6.87)	(1.73)	(1.42)

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

Particulars	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Current Service Cost	0.92	-	0.15	0.42
Past Service Cost	-	-	-	-
Interest Cost	0.53	-	0.11	0.11
Expected return on plan assets	-	-	-	-
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(1.11)	(0.63)	0.05	-
Expenses recognized in the statement of profit and loss under employee costs	0.34	(0.63)	0.31	0.53

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## Actuarial Assumptions:

Particulars	Percentage	Percentage
Discounting Rate	7.75%	7.50%
Future Salary increase are considered taking into account inflation, seniority promotions and other relevant factors.	6.00%	6.00%
Expected Rate of return on plan assets	0%	0%

## Demographic Assumptions:

Particulars	2017-18	2016-17
Retirement Age	60 years	60 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/18	31/Mar/17
a) Net Profit for Basic Earnings Per Share as per Profit and Loss A/c	(3.00)	107.02
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	1,497,531,526
(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	1,497,531,526
(v) Weighted Average for:		
- Basic Earnings Per Share		
- Diluted Earnings Per Share	1,497,531,526	1,497,531,526
c) Earnings Per Share – Before Extra-ordinary Items		
- Basic (Rs.)	(0.00)	0.01
- Diluted (Rs.)	(0.00)	0.01
d) Earnings Per Share – After Extra-ordinary Items		
- Basic (Rs.)	(0.00)	0.01
- Diluted (Rs.)	(0.00)	0.01
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--
Anita 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--
Yeshoda Karuturi	KMP
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).

Name	Year	Sale	Lease Rental (Income)	Expenses/ Income	Loan Taken	Loan Paid	Closing Balance
Rhea Holding Pvt Ltd.	2017-18	-	-	-	234.04	43.96	15.52
	2016-17	-	-	-	132.19	306.30	(174.11)
Anitha Realty Pvt Ltd.	2017-18	-	-	-	-	0.03	46.06
	2016-17	-	-	-	49.65	8.43	46.09

#### KMP Interested Firm

Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Horticulture Synergies	2017-18	36.79	-	-	36.79
	2016-17	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.,	2017-18	-	-	-	-	2.24	148.32
	2016-17	-	-	-	1,724.34	139.90	1,591.53
Karuturi Floritech pvt. Ltd.,	2017-18	-	-	-	27.04	45.86	4,388.80
	2016-17	-	-	-	4,339.38	175.88	3,567.53
Karuturi Overseas Ltd.,	2017-18	-	-	-	-	28.17	13,847.40
	2016-17	-	-	-	-	-	17,293.01
Ethiopian Meadows Plc	2017-18	-	-	-	6.50	68.44	(306.58)
	2016-17	-	-	-	24.56	216.89	(368.53)
Karuturi Agro Products Plc	2017-18	-	-	-	16.32	80.12	315.77
	2016-17	-	-	-	31.93	346.88	379.57
Surya Blossoms Plc	2017-18	-	-	-	1.03	5.08	20.03
	2016-17	-	-	-	6.91	140.61	24.07
Karuturi Flower Express Pvt. Ltd.,	2017-18	-	-	-	5.57	-	54.34
	2016-17	-	-	-	0.79	0.08	48.76

#### 3.8 Disclosure on Foreign Currency exposures:

- a) The Company has entered not into any Forward contracts during the year 2017-18. Forward contract outstanding as on 31st March 2018 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 2018 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 2018		As at 31st March 2017	
		Rs.(In Lakh)	Foreign Currency	Rs.(In Lakh)	Foreign Currency
Trade Receivable	US \$	-	-	18.95	29,235
Trade Receivable	AUS \$	-	-	0.89	1,800
Trade Receivable	Euro €	-	-	30.65	44,265
Related party Receivable	US \$	1,497.47	2,302,238	16,581.27	25,573,143
Related party Receivable	Euro €	0.03	-	0.03	-
Related party Receivable	ETB	32.00	1,355,915	-	-
Related party Payable	US \$	38.85	59,726.40	38.73	59,726

#### 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).

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## 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 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
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 H Muralidhar & Co.,**

Chartered Accountants

Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**

M. No. 220686

**Yeshoda Karuturi**

Director

**A C Darshan**

Director

Place: Bangalore

Date: 30/05/2018

Place: Bangalore

Date: 30/05/2018



## **INDEPENDENT AUDITORS' REPORT**

### **To the Members of Karuturi Global Limited**

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Ind AS 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 ,2018 , 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 Ind AS 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. 22,093.78 Lakhs and Purchasing amounting to Rs. 12,359.82 Lakhs. There is a difference of Sales of Rs. 221.22 lakhs & purchases difference of Rs. 213.68 lakhs compare to VAT & GST returns of Holding company. The Holding Company is not filing GST and VAT returns within due dates . The holding company is not filing GST and VAT returns & TDS returns on time.

#### **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 31 March 2018, 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 is invited to the comments of the other Auditors of respective subsidiary companies:

##### **a) 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 ."

#### **Other Matter**

We did not audit the financial statements/ information of 13 (number) subsidaires included in the consolidated financial statements of the company whose financial statements/financial information reflect total assets of Rs. 3,39,462.74 Lakhs as at 31st March 2018

# Annual Report 2017-18

and the total revenue of Rs. 22,093.78 Lakhs for the year ended on that date, as considered in the consolidated financial statements/information of these subsidiaries have been audited by the subsidiary auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of subsidiaries, is based solely on the report of such subsidiary auditors.

## 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, 2018 taken on record by the Board of Directors, and the reports of the Statutory Auditors of Subsidiary companies incorporated in India , the following directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
    - a.Sai Ramakrishna Karuturi
    - b.Anitha Karuturi
    - c.Shanthi Kaja
  - 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.

For and on behalf of

**H Muralidhar & Co**

Chartered Accountants

Firm’s registration number: 11874S

H Muralidhar

Proprietor

M No. : 220686

Place: Bangalore

Date: 30th May 2018

## **“Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Ind AS 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, 2018 in conjunction with our audit of the Consolidated 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 Statutory dues transactions as evidenced in the basis of qualified opinion paragraph in audit report and in the annexure A. The default in filing of returns were observed & informed.

### **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, 2018, 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

**H Muralidhar & Co**

Chartered Accountants

Firm’s registration number: 11874S

H Muralidhar

Proprietor

Membership number: 220686

Place: Bangalore

Date : 30th May, 2018

# Annual Report 2017-18

## Consolidated Balance Sheet as at 31st March 2018

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	31.03.2018	31.03.2017
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	14,975.32	14,975.32
Reserves and Surplus	2.2	211,094.32	198,693.48
Share application money pending allotment	2.2A	-	-
<b>Non-Current Liabilities</b>			
Long-term borrowings	2.3	1,236.88	5,690.11
Deferred Tax Liabilities (Net)	2.4	89.82	107.97
Other Long Term Liabilities	2.5	1,709.26	2,051.76
Long Term Provisions	2.6	69.47	73.14
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	1,853.04	20,477.53
Trade Payables	2.8	14,329.79	15,865.66
Other Current Liabilities	2.9	48,107.72	25,013.23
Short term Provisions	2.10	307.60	303.21
		<b>293,773.21</b>	<b>283,251.40</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets			
- Tangible Assets	2.11	207,571.59	215,470.16
- Intangible Assets	2.11	0.49	0.49
- Capital Work in Progress	2.11	34,086.34	34,375.37
<b>Non Current Investments</b>	<b>2.12</b>	<b>43.70</b>	<b>60.55</b>
Deferred Tax Assets (Net)	2.4	1,121.50	1,105.69
Long Term Loans and Advances	2.13	8,149.20	3,955.63
Other Non Current Assets	2.14	321.37	331.66
<b>Current Assets</b>			
Inventories	2.15	620.54	713.82
Trade Receivables	2.16	23,251.42	10,737.47
Cash and Cash Equivalents	2.17	3,355.36	3,295.60
Short Term Loan and Advances	2.18	13,942.42	12,737.36
Other Current Assets	2.19	1,309.27	467.53
		<b>293,773.21</b>	<b>283,251.40</b>

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 H Muralidhar & Co.,**

Chartered Accountants

Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**

M. No. 220686

**Yeshoda Karuturi**

Director

**A C Darshan**

Director

Place: Bangalore

Date: 30/05/2018

Place: Bangalore

Date: 30/05/2018

# Consolidated Statement of Profit and loss account for the year ended 31.03.2018

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending 31.03.2018	Year Ending 31.03.2017
<b>Revenue from Operations</b>	2.20	<b>22,959.12</b>	<b>22,612.76</b>
Other Income	2.21	2,391.15	8,942.24
<b>Total Income</b>		<b>25,350.26</b>	<b>31,555.00</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.22	3,370.06	4,913.09
Purchase of Stock-in Trade	2.23	9,798.31	7,465.46
Change in Inventory of FG, WIP and Stock-in Trade	2.24	5.25	722.99
Employee Benefits Expense	2.25	145.52	219.07
Finance Costs	2.26	487.74	936.63
Depreciation and Amortisation Expenses	2.11	3,277.35	4,356.56
Other Expenses	2.27	3,262.47	4,124.96
<b>Total Expenses</b>		<b>20,346.71</b>	<b>22,738.75</b>
<b>Profit / (Loss) Before Exceptional Items and Tax</b>		<b>5,003.55</b>	<b>8,816.25</b>
Exceptional Items	2.28	174.52	0.44
<b>Profit / (Loss) Before tax</b>		<b>5,178.07</b>	<b>8,816.69</b>
Tax expense			
Current Tax		0.03	74.98
Deferred Tax charge / (Credit)		(15.81)	(384.34)
<b>Profit after tax</b>		<b>5,193.86</b>	<b>9,126.06</b>
Prior Period Items	2.30	(0.79)	(68.26)
<b>Profit / (Loss) from operations</b>		<b>5,193.07</b>	<b>9,057.80</b>
Other Comprehensive Income		2.54	-
<b>Profit / (Loss) from operations after tax</b>		<b>5,195.61</b>	<b>9,057.80</b>
<b>Earning per Equity Share</b>			
Basic		0.347	0.605
Diluted		0.347	0.605

Significant Accounting Policies and Other Notes  
Forming Integral part of Financials  
Contingent Liabilities and Capital Commitments  
As Per our Report of even date attached

1&3  
3.1

**For H Muralidhar & Co.,**  
Chartered Accountants  
Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**  
M. No. 220686

**Yeshoda Karuturi**  
Director

**A C Darshan**  
Director

Place: Bangalore  
Date: 30/05/2018

Place: Bangalore  
Date: 30/05/2018

# Annual Report 2017-18

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

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	31.03.2018	31.03.2017
<b>A. Cash Flows from Operating Activities</b>		
Profit before tax but after prior period items	5,181.41	8,884.95
Less: Exceptional Items-Being withdrawal of Depreciation	(174.52)	(0.44)
<b>Net Cash Adjustment to reconcile profit before tax to net cash Flows</b>	<b>5,006.89</b>	<b>8,884.51</b>
Depreciation on tangible assets	3,277.35	4,356.56
Amortisation of Goodwill		
Creditors written back	(14.26)	(8,844.22)
Provision for doubtful debts	-	200.32
Bad debts	10.36	(197.02)
Effect of exchange fluctuation on foreign currency translation reserve	(2,040.00)	1,641.23
Interest expense	487.74	936.63
Interest Income	(1.27)	(5.65)
Dividend Income	5.92	0.52
<b>Operating Profit Before Working Capital Changes</b>	<b>6,732.73</b>	<b>6,972.87</b>
Movement In working Capital :		
Increase/(Decrease) in Liabilities	21,184.44	(18,460.11)
(Increase)/Decrease in Trade Receivables	(12,513.95)	3,699.36
(Increase)/Decrease in Inventories	93.28	3,091.59
(Increase)/Decrease in Other Current Assets	(6,245.90)	279.26
<b>Cash Generated from/(used in operations)</b>	<b>9,250.61</b>	<b>(4,417.04)</b>
<b>Net Cash Flow From Operating Activities (A)</b>	<b>9,250.61</b>	<b>(4,417.04)</b>
<b>B Cash Flows from Investing Activities</b>		
<b>"Purchase of Fixed Assets Including intangible asset,CWIP and Capital Advances"</b>	<b>4,908.25</b>	<b>4,501.27</b>
Proceeds from sale of Fixed Asset	2.00	18,900.98
Proceeds of Non Current Investment	16.85	18.88
Interest Received	1.27	5.65
Dividend Received	(5.92)	(0.52)
<b>Net Cash flow from/(used in) Investing Activities (B)</b>	<b>4,922.46</b>	<b>23,426.26</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Issuance of Share Capital	-	4,778.05
Increase / (Decrease) in Reserves	9,468.94	-
Proceeds from Issuance of Share Options	-	(29.46)
Proceeds from Securities Premium	(0.00)	21,384.27
Other Cash & Bank equivalent accounts	(8.38)	(2.54)
Increase / (Decrease) in Borrowings	(23,077.73)	(43,601.53)
Interest Paid	(487.74)	(936.63)
<b>Net Cash flow from/(used in ) Financing Activities (C)</b>	<b>(14,104.92)</b>	<b>(18,407.84)</b>
Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)	68.15	601.39
Cash and Cash Equivalents at the beginning of the year	3,278.05	2,676.66
Cash and Cash Equivalents at the end of the Year	3,346.20	3,278.05
<b>Net Increase/(decrease) in Cash and Cash equivalents during the year</b>	<b>68.15</b>	<b>601.39</b>

## Significant Accounting Policies and Other Disclosures 1&3

### 2.17: Cash and Bank Balances

Particulars	31.03.2018	31.03.2017
<b>Cash and cash equivalents</b>		
Cash on hand	89.60	23.96
Balances in current account	788.15	794.35
<b>Other Bank Balances</b>		
Deposits with maturity more than 3 months but less than 12 months	968.87	983.45
Deposits with maturity more than 3 months but less than 12 months	1,499.57	1,476.29
<b>Total</b>	<b>3,346.20</b>	<b>3,278.05</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 H Muralidhar & Co.,**

Chartered Accountants

Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**

M. No. 220686

**Yeshoda Karuturi**

Director

**A C Darshan**

Director

Place: Bangalore

Date: 30/05/2018

Place: Bangalore

Date: 30/05/2018



## 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 (IndAS) 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.
- 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 enterprises considered in the consolidated financial statement are:

Name of Enterprises	Country of Incorporation	Voting power held as at 31st March 2018	Voting power held as at 31st March 2017 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%

#### l) Subsidiaries and step down subsidiaries of Karuturi Overseas Limited, an 100% subsidiary of the Company as on 31st March 2018 are:

Name of Enterprises	Country of Incorporation	Name of the Holding Company	Voting power held as at 31st March 2018
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

## 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.

### The following Subsidiaries are under receivership of:

Karuturi Limited, Kenya - Muniu Thoithi & Kuria Mucheru  
Yeshoda Investments Limited, Kenya - Muniu Thoithi & Kuria Mucheru  
Surya Holdings Limited, Kenya - Kolluri Venkata Subbaraya Kamasasstry  
Rhea Holdings Limited, Kenya - Kolluri Venkata Subbaraya Kamasasstry  
Karuturi Sports Limited, Kenya - Kolluri Venkata Subbaraya Kamasasstry  
Karuturi Hospitals Limited, Kenya - Kolluri Venkata Subbaraya Kamasasstry  
Karuturi Foods Private Limited, India- Pankaj Srivastava

In the absence of access to accounts, only balance sheet items are considered as a part of Consolidation for the above companies.

## 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.

## 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 encashed 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 lessor 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 have negative networth, but Promoter Companies have advanced sufficient funds to these companies to take care of the deficit.

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**Note: 2.1**

## SHARE CAPITAL

Particulars	31.03.2018		31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised Capital</b>				
Equity shares of Re.1/- each	2,000,000,000	20,000.00	1,500,000,000	15,000.00
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	1,497,531,526	14,975.31
<b>Total</b>	<b>1,497,531,526</b>	<b>14,975.31</b>	<b>1,497,531,526</b>	<b>14,975.31</b>

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

Particulars	31.03.2018		31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of Equity Shares outstanding at the beginning of the year	1,497,531,526	14,975.31	1,019,726,648	10,197.27
Number of Equity Shares Issued during the year	-	-	-	-
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>1,497,531,526</b>	<b>14,975.31</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 2018		31 March 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Rhea Holdings Private Limited	340,513,434	22.74%	-	-
Deutsche Bank A.G	75,000,000	5.01%	75,000,000	5.01%



## 2.2 RESERVE AND SURPLUS

Particulars	31.03.2018	31.03.2017
<b>General Reserve</b>		
Opening Balance	(4,533.60)	787.59
Add: Amount Transferred	2,523.43	46.19
Less: Amount utilised	5,321.19	(5,367.38)
<b>Closing Balance</b>	<b>3,311.02</b>	<b>(4,533.60)</b>
<b>Capital Reserve</b>		
Opening Balance	1,670.58	561.75
Add: Amount Transferred	-	1,117.50
Less: Amount utilised	-	(8.67)
<b>Closing Balance</b>	<b>1,670.58</b>	<b>1,670.58</b>
<b>Securities Premium Account</b>		
Opening Balance	93,796.31	72,412.04
Add: Received during the year	-	21,384.27
<b>Closing Balance</b>	<b>93,796.31</b>	<b>93,796.31</b>
<b>Revaluation Reserves</b>		
Opening Balance	(4,255.21)	6,484.74
Add: Amount Transferred	5,848.50	(146.08)
Less: Amount utilised	-	(10,593.86)
<b>Closing Balance</b>	<b>1,593.29</b>	<b>(4,255.21)</b>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	2,144.22	502.98
Add: Amount Transferred during the year	(1,167.12)	8,445.65
Less:-Amount Utilised during the year	(872.88)	(6,804.42)
<b>Closing Balance</b>	<b>104.21</b>	<b>2,144.22</b>
<b>Legal Reserves</b>		
Opening Balance	17.79	17.79
Add: Amount Transferred	-	-
<b>Closing Balance</b>	<b>17.79</b>	<b>17.79</b>
<b>Surplus / (Deficit) balance in the Statement of Profit and Loss</b>		
Opening Balance *	109,853.38	105,827.13
Add: Profit for the Year	5,195.61	9,057.80
Add/Less: Amount transferred/utilised	1,109.77	(5,031.55)
Dividend Distribution Tax	-	-
<b>Closing Balance</b>	<b>116,158.76</b>	<b>109,853.38</b>
<b>Total</b>	<b>216,651.97</b>	<b>198,693.48</b>

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## 2.3 Long Term Borrowings

Particulars	31.03.2018		31.03.2017	
	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	-	41,253.67	4,473.86	18,099.85
<b>2) From others</b>				
NHB Soft Loan (Refer note 2.3A)		178.56		178.56
<b>B. Unsecured</b>				
<b>1) From others</b>				
Loans and advance from related parties (Refer note 2.3B)	1,148.10	-	1,130.42	-
Others	88.78	-	85.83	-
<b>Total</b>	<b>1,236.88</b>	<b>41,432.23</b>	<b>5,690.11</b>	<b>18,278.41</b>
Less: Current maturities of long term debt disclosed under other current liabilities. (Refer Note 2.9)	-	41,432.23	-	18,278.41
<b>Net Long term Borrowings</b>	<b>1,236.88</b>	<b>-</b>	<b>5,690.11</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
			31/3/2018	31/3/2017	
1	Zemen Bank, Ethiopia	Charges on Green House of Ethiopian Meadows Plc and current assets of Ethiopia Meadows Plc and Surya Blossoms Plc	839.89	864.84	Monthly Rs. 18.63 lakhs payable, ending on May 2013
2	Axis Bank Ltd	Corporate Guarantee of Karuturi Global Ltd.,	11,707.94	8,688.37	Repayable in 10 equal installment commencing Dec 2014 and ending on June 2019
3	Lion Bank, Ethiopia	Hypothecation of Vehicles of Ethiopian Meadows PLC and Karuturi Agro Products PLC	176.63	170.74	Half yearly Rs. 42.53 lakhs payable ending Nov 13
4	Central Bank of India	Pari passu charge on current assets of Karuturi Flower Express Pvt Ltd	16.70	21.70	Repayable on demand
5	National Horticulture Board, Bangalore	Equitable Mortgage Leasehold Land, Bldg, Plant & Machinery at Doddaballapur	178.56	178.56	To be set off against deposits made by the company grouped under short term Loans and advances
6	Commercial Bank Of Ethiopia	Equitable mortgage of 25000 Ha of Land & of Vehicle at Karuturi Agro Products Plc	1,912.25	2,056.66	Repayable on demand
7	Axis Bank Ltd	Pari passu charge on current assets of Karuturi Global Ltd, India	1,280.21	-	Repayable on demand
8	Axis Bank Ltd	Pari passu charge on current assets & fixed assets of Karuturi Global Ltd, India	3,506.78	-	Repayable on demand
9	Axis Bank Ltd	Pari passu charge on current assets & fixed assets of Karuturi Global Ltd, India	2,077.65	-	Repayable on demand
10	Axis Bank, Dubai	Corporate Guarantee of Karuturi Global Ltd	14,532.10	-	Repayable on demand
11	ICICI Bank, Dubai	Pari passu charge on the current assets of the respective Companies funded by the bank.	5,203.53	-	Repayable on demand
		<b>Total</b>	<b>41,432.23</b>	<b>11,980.87</b>	

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

Sl. No.	Name of Person/ Company	Repayment Terms	Amount O/s as on 31-03-18	Amount O/s as on 31-03-17
1	Anitha Karuturi*	Repayable in 2018-19	1,099.00	1,084.31
2	Rhea Holdings Pvt. Ltd.,	Repayable in 2018-19	1.44	-
3	Sai Ramakrishna Karuturi	Repayable in 2018-19	1.57	-
4	Anitha Realty Pvt. Ltd.,	Repayable in 2018-19	46.09	46.09
	<b>TOTAL</b>		<b>1,148.10</b>	<b>1,130.40</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 2018 are as under:

Particulars	31.03.2018	31.03.2017
<b>Deferred Tax Assets:</b>		
Opening Balance	1,105.69	721.35
Additions during the year	-	-
Deletion during the year	(15.81)	(384.34)
<b>Deferred Tax Assets:</b>	<b>1,121.50</b>	<b>1,105.69</b>
<b>Deferred Tax Liabilities:</b>		
Opening Balance	107.97	116.96
Additions during the year	-	-
Deletion during the year	18.15	8.99
<b>Deferred Tax Liabilities:</b>	<b>89.82</b>	<b>107.97</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	31.03.2018	31.03.2017
Land Lease Payable	1,709.26	2,051.76
<b>Total</b>	<b>1,709.26</b>	<b>2,051.76</b>

## 2.6 LONG TERM PROVISIONS:

Particulars	31.03.2018	31.03.2017
Gratuity (Unfunded)	67.74	69.36
Compensated absence (Unfunded)	1.73	3.78
<b>Total</b>	<b>69.47</b>	<b>73.14</b>

## 2.7 SHORT TERM BORROWINGS:

Particulars	31.03.2018	31.03.2017
<b>Secured</b>		
<b>Working capital facilities from Bank</b>		
Working capital facilities (refer note 2.7A)	-	15,766.40
From Bank/Bank O.D (refer note 2.7A)	-	2,982.58
	<b>-</b>	<b>18,748.98</b>
<b>Unsecured</b>		
Inter Corporate Deposits	601.42	601.42
Loans and advances from related parties	1,251.62	1,127.14
	<b>1,853.04</b>	<b>1,728.56</b>
<b>Total</b>	<b>1,853.04</b>	<b>20,477.53</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
			31.03.18	31.03.17	
1	<b>Term Loan-Secured</b> Axis Bank, Dubai	Corporate Guarantee of Karuturi Global Ltd	-	14,486.18	Repayable on demand
2	Axis Bank Ltd	Pari passu charge on current assets of Karuturi Global Ltd, India	-	1,280.21	Repayable on demand
	<b>Total</b>		-	<b>15,766.40</b>	

## 2.8 TRADE PAYABLES:

Particulars	31.03.2018	31.03.2017
- Due to micro and small enterprises*	-	-
- Others creditors**	14,329.79	15,865.66
<b>Total</b>	<b>14,329.79</b>	<b>15,865.66</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	31.03.2018	31.03.2017
Current Maturities of Long term Debt (refer note 2.3)	41,432.24	18,278.42
Advance Received From Customers	18.50	374.10
Unpaid Dividends	10.72	18.31
Statutory Remittances	348.36	361.42
Liability for Expenses	1,091.93	5.45
Employee benefits payable	438.79	428.97
Accruals	531.12	54.20
Other Payables	4,236.07	5,492.36
<b>Total</b>	<b>48,107.72</b>	<b>25,013.24</b>

## 2.10 SHORT TERM PROVISIONS:

Particulars	31.03.2018	31.03.2017
<b>Employee Benefits</b>		
Gratuity (Unfunded) (refer note 3.2)	-	-
Compensated absence (Unfunded) (refer note 3.2)	-	-
Provision for Bonus	-	-
<b>Others</b>		
Provision for Taxation (Net)	307.38	303.21
<b>Total</b>	<b>307.60</b>	<b>303.21</b>

2.11 Fixed Assets															
Particulars	Gross Block						Accumulated Depreciation					Net Block			
	As at 1 April 2017	Additions	Other Adjustment	Sub total	Disposals	Adjustment (Foreign Currency Txn)	As at 31 March 2018	As at 1 April 2017	Depreciation charge for the year	Disposal through demergers	Deductions/Other adjustments	Adjustment due to impairments/ reversals	FCTR	As at 31 March 2018	As at 31 March 2017
<b>Tangible Assets</b>															
Land	163,927.90	2,943.09	2,943.09	168,814.07	-	407.27	170,221.34	1,931.10	797.60	-	4,729.97	-	(87.81)	7,370.85	162,850.48
Plantation	19,246.26	-	-	19,246.26	-	(1,474.10)	17,772.17	127.30	-	-	50.92	-	(4.02)	17,717.19	19,118.97
Buildings	2,402.53	-	-	2,402.53	-	232.75	2,635.28	332.50	17.21	-	7.60	-	22.95	380.26	2,070.02
Green House	40,927.88	-	-	40,927.88	-	(400.15)	40,527.73	16,384.91	1,078.93	-	54.47	-	263.46	17,781.77	24,542.97
Motor Vehicle	629.35	-	-	629.35	(2.00)	(31.40)	595.95	513.43	36.12	-	33.06	-	(25.36)	557.24	115.92
Office Equipment	4.60	-	-	4.60	-	(0.12)	4.48	2.90	0.17	-	-	-	-	3.07	1.41
Plant & Machinery	38,789.03	-	-	38,789.03	-	(2,025.47)	36,763.56	7,644.27	1,263.99	-	1,863.33	-	(536.45)	10,235.14	31,144.76
Furniture & Fixtures	376.04	-	-	376.04	-	4.83	380.87	242.00	28.53	-	13.33	-	1.29	285.15	134.04
Computers	110.17	-	-	110.17	-	(3.44)	106.73	113.47	(10.09)	-	5.38	-	(4.03)	104.74	1.39
Others (Specify nature)	48.39	-	-	48.39	-	(8.13)	40.26	11.41	0.79	-	1.18	-	(2.07)	11.30	36.98
<b>Total</b>	<b>266,462.15</b>	<b>2,943.09</b>	<b>2,943.09</b>	<b>272,348.32</b>	<b>(2.00)</b>	<b>(3,297.96)</b>	<b>269,048.37</b>	<b>27,303.29</b>	<b>3,213.25</b>	-	<b>6,759.23</b>	-	<b>(372.04)</b>	<b>36,903.73</b>	<b>239,158.88</b>
<b>Previous Year</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>(18.54)</b>	<b>(4,779.26)</b>	<b>27,303.29</b>	<b>257,763.11</b>
<b>Intangible Assets</b>															
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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>10.61</b>	<b>-</b>	<b>-</b>	<b>10.61</b>	<b>-</b>	<b>-</b>	<b>10.61</b>	<b>10.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.11</b>	<b>0.49</b>
<b>Previous Year</b>	<b>5,610.31</b>	<b>-</b>	<b>-</b>	<b>5,610.31</b>	<b>-</b>	<b>63.88</b>	<b>10.61</b>	<b>4,840.78</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.11</b>	<b>10.11</b>	<b>769.90</b>
<b>Intangible assets under Capital WIP</b>															
Land	10,970.56	723.93	-	11,694.49	-	(1,885.98)	9,808.51	283.69	64.10	-	-	-	(52.78)	285.22	9,513.29
<b>Total</b>	<b>277,443.32</b>	<b>3,667.01</b>	<b>2,943.09</b>	<b>284,053.42</b>	<b>(2.00)</b>	<b>(5,183.94)</b>	<b>278,867.49</b>	<b>27,597.30</b>	<b>3,277.35</b>	<b>-</b>	<b>6,759.23</b>	<b>-</b>	<b>(424.81)</b>	<b>37,209.07</b>	<b>249,846.05</b>
<b>Previous Year</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>(18.54)</b>	<b>(4,743.49)</b>	<b>27,597.30</b>	<b>249,846.03</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 CWP.
- 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.193.87 lakhs are held in the name of Mr. Anil Tumui, 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	31.03.2018	31.03.2017
Investment in Equity instruments	1.20	1.20
Kotak Mahindra Realty fund-HNI Fund	42.50	59.35
<b>Total</b>	<b>43.70</b>	<b>60.55</b>

## 2.13 LONG TERM LOANS AND ADVANCES:

Particulars	31.03.2018	31.03.2017
Balance with Government Authorities	929.89	929.89
Prepaid Expenses	673.72	674.32
Other receivable/advances	-	-
<b>Total</b>	<b>1,603.61</b>	<b>1,604.21</b>

## 2.14: OTHER NON CURRENT ASSETS:

Particulars	31.03.2018	31.03.2017
Trade and security Deposits/ Land devp exps*	10.59	20.97
Leasehold Land Deposits	240.00	240.00
FD Maturity more tan 12 months	2.43	2.34
Other Non-current Deposits	68.34	68.34
<b>Total</b>	<b>321.37</b>	<b>331.65</b>

## 2.15 : INVENTORIES:

Particulars	31.03.2018	31.03.2017
Raw Materials and components (Valued at Cost or market price which ever is lower using FIFO method)	361.22	455.01
Work-in-progress (Valued at Net realisable value basis)	76.30	80.96
Finished goods (Valued at Net realisable value basis)	174.84	169.42
stock in trade (Valued at Cost or market price which ever is lower using FIFO method)	8.17	8.43
<b>Total</b>	<b>620.54</b>	<b>713.82</b>

## 2.16: TRADE RECEIVABLES::

Particulars	31.03.2018	1.04.2017
<b>Debts outstanding for period exceeding six months from the date it became due</b>		
Secured, considered good	-	-
Unsecured, considered good	23,251.42	10,737.47
Unsecured, considered doubtful	497.40	645.09
Unsecured, considered good - Related party	-	-
Less: Provision for doubtful debts	(497.40)	(645.09)
	<b>23,251.42</b>	<b>10,737.47</b>
<b>Other debts (related parties)</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Unsecured, considered good - Related party	-	-
Less: Provision for doubtful debts	-	-
	<b>23,251.42</b>	<b>10,737.47</b>
<b>Total</b>	<b>23,251.42</b>	<b>10,737.47</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	31.03.2018	31.03.2017
Cash on hand	89.60	23.96
Balance with banks	788.15	794.35
Current Account	-	-
<b>Fixed Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	968.87	983.45
<b>Margin Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	1,499.57	1,476.29
Unpaid Dividend account	9.17	17.55
<b>Total</b>	<b>3,355.36</b>	<b>3,295.60</b>



## 2.18: SHORT TERM LOANS AND ADVANCES:

Particulars	31.03.2018	31.03.2017
Loans and advances to related parties* - unsecured	206.82	247.33
Advance to Staff	348.25	369.26
Advance For Business / Purchases / Suppliers	9,476.35	9,406.69
Subsidy/ Export Incentive Receivable	93.21	-
Statutory Receivables	278.55	193.03
Security Deposits	214.22	215.58
Prepaid Expenses	205.02	49.48
Other Receivables	3,113.02	2,256.00
<b>Total</b>	<b>13,935.45</b>	<b>12,737.35</b>

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

Particulars	31.03.2018	31.03.2017
Sai Ramakrishna Karuturi	149.20	18.57
Anitha Karuturi	23.60	-
Karuturi Telecom Pvt Ltd	15.55	15.55
Simply Class Fashions Pvt Ltd	18.47	38.57
Rhea Holdings Pvt Ltd	-	174.64
<b>Total</b>	<b>206.82</b>	<b>247.33</b>

## 2.19: OTHER CURRENT ASSETS:

Particulars	31.03.2018	31.03.2017
Subsidy / Export incentive accrued	-	93.21
Deferred Land Development Expenses	0.36	-
Others	1,308.91	374.32
<b>Total</b>	<b>1,309.27</b>	<b>467.53</b>

## 2.20 : REVENUE FROM OPERATIONS (NET)

Particulars	31.03.2018	31.03.2017
Sale of agricultural produce*	10,229.28	11,023.20
Sale of trading products	12,682.20	11,558.40
Sale of services	-	-
Other Incomes (Rentals)	47.64	31.16
<b>Total</b>	<b>22,959.12</b>	<b>22,612.76</b>

\* Flower, Agricultural products

## 2.21: OTHER INCOME:

Particulars	31.03.2018	31.03.2017
<b>Dividend from Investment</b>		
Dividend Income from Long term investments	(5.92)	(0.52)
Interest		
From Fixed Deposits, Income tax, other interest	1.27	5.65
Profit on sale of investments	-	-
Income from sports and sponsorship	-	-
Rental & Other Income	-	40.51
Creditors Written Back	14.26	8,844.22
Insurance Claim	-	15.96
Miscellaneous income	2,381.53	36.41
Subsidy/ Export Incentive	-	-
Exchange Gain	-	-
<b>Total</b>	<b>2,391.15</b>	<b>8,942.24</b>

## 2.22: COST OF MATERIAL CONSUMED:

Particulars	31.03.2018	31.03.2017
<b>Raw materials and Packing materials consumed</b>		
Opening stock *	455.75	1,172.67
Add: Purchases	3,276.15	4,196.17
Less: Closing stock	361.83	455.75
<b>Cost of Materials Consumed</b>	<b>3,370.06</b>	<b>4,913.09</b>
Cost of Services rendered	-	-
<b>Total</b>	<b>3,370.06</b>	<b>4,913.09</b>

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## 2.23: PURCHASE OF STOCK IN TRADE:

Particulars	31.03.2018	31.03.2017
Purchase of Traded goods	9,798.31	7,465.46
<b>Total</b>	<b>9,798.31</b>	<b>7,465.46</b>

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

Particulars	31.03.2018	31.03.2017
<b>Opening stock</b>		
Finished goods*	8.19	8.65
Work-in-progress - Plant and Agri	80.96	801.66
Stock in trade	8.43	10.26
	<b>97.57</b>	<b>820.56</b>
<b>Less: Closing Stock</b>		
Finished goods**	7.85	8.19
Work-in-progress	76.30	80.96
Stock in trade	8.17	8.43
	<b>92.32</b>	<b>97.57</b>
<b>Change In Inventory of finished Goods, WIP</b>	<b>5.25</b>	<b>722.99</b>

Particulars	31.03.2018	31.03.2017
<b>* Details of Opening stock of Finished Goods:</b>		
Plant and Plant materials	0.72	2.64
Flowers	7.46	6.00
<b>Sub-Total</b>	<b>8.19</b>	<b>8.64</b>
<b>** Details of Closing stock of Finished Goods:</b>		
Plant and Plant materials	0.72	0.72
Others	7.12	7.46
<b>Sub-Total</b>	<b>7.85</b>	<b>8.19</b>

## 2.25: EMPLOYEE BENEFIT EXPENSES:

Particulars	31.03.2018	31.03.2017
Salary, Allowances and Termination Benefits	144.34	217.46
Contribution to Provided Fund	0.47	0.87
Staff Welfare Expenses	0.71	0.74
<b>Total</b>	<b>145.52</b>	<b>219.07</b>

## 2.26: FINANCE COST:

Particulars	31.03.2018	31.03.2018
Interest on Working Capital & Term Loan/Borrowings	477.59	872.65
Other Bank Charges	10.15	61.85
Other Financial Charges	-	2.13
<b>Total</b>	<b>487.74</b>	<b>936.63</b>

## 2.27: OTHER EXPENSES:

Particulars	31.03.2018	31.03.2017
<b>Advertisement Expenses</b>	<b>2.89</b>	<b>4.49</b>
Auction Exps/other manufacturing exps	772.06	783.30
Auditors Remuneration	13.07	12.12
<b>Business Promotion Expenses</b>	<b>0.24</b>	<b>172.36</b>
Commission & Brokerage	0.99	6.01
Custodian & Exchange Listing fees	34.75	18.84
Directors Sitting Fees	0.20	0.98
Exchange (Gain) / Loss	-	(0.25)
Freight, Clearing, Forwarding & Unpacking Charges	967.43	2,766.53
General Expenses	8.34	39.77
Insurance	1.09	1.49
Loss on sale/Discard of assets	-	100.09
Power Charges Others	18.64	24.62
Printing & Stationery	2.14	1.95
Professional charges and Membership Fee	32.70	48.72
Provision for bad debt written off/Bad Debts	10.36	3.30
Rates & Taxes	3.43	7.97
Rent	10.71	40.70
Repairs & Maintenance - Machinery	8.95	27.91
Repairs & Maintenance - Others	9.48	15.93
Telephone, Postage & Courier Charges	3.54	4.07
Traveling and conveyance	49.23	33.01
Vehicle Maintenance	1.72	11.05
<b>Total</b>	<b>1,951.95</b>	<b>4,124.94</b>

## 2.28: EXCEPTIONAL ITEMS:

Particulars	31.03.2018	31.03.2017
Exceptional items	174.52	0.44

### 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	31.03.2018	31.03.2017
Profit on Sale of fixed assets	-	-

## 2.30: PRIOR PERIOD ITEMS:

Particulars	31.03.2018	31.03.2017
Foreign Exchange Gain/Loss on account of Borrowing cost	-	-
Reversal of Exchange Gain for Prior Years	-	-
Other Incomes	(0.79)	(68.26)
Other Expenses	-	-
<b>Total</b>	<b>(0.79)</b>	<b>(68.26)</b>

## 3.0 OTHER DISCLOSURES:

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

Particulars	31.03.2018	31.03.2017
<b>Contingent Liabilities</b>		
Disputed Income tax dues (refer note a below)	49,640.29	41,593.36
Disputed Service tax dues	172.60	172.60
Disputed Cases	-	57.50
Disputed Entry tax	6.41	6.41
<b>Total</b>	<b>49,819.30</b>	<b>41,829.87</b>

- The Company has received a demand for Rs. 863.44 Lakh for AY 2005-06, Rs. 1393.33 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. 5706.24 Lakhs for AY 2011-12, Rs. 5472.63 Lakhs for AY 2012-13, Rs. 5471.86 lakhs for AY 2013-14 and Rs. 1493.84 for AY 2014-15 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.
- 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	31.3.2018	31.3.2017
Employer's contribution to Provident Fund	0.71	0.74
<b>Total</b>	<b>0.71</b>	<b>0.74</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	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the beginning of the period	6.87	7.50	1.42	-
Acquisition Adjustment	-	-	-	-
Interest Cost	0.53	-	0.11	-
Past Service Cost	-	-	-	-
Service Cost	0.92	-	0.15	-
Curtailment Cost	-	-	-	-
Settlement Cost	-	-	-	-
Benefits Paid	-	(0.63)	-	-
Actuarial (gain)/loss on obligation	(1.11)	-	0.05	-
<b>Present Value of Obligation as at the end of period (31st March 2018)</b>	<b>7.21</b>	<b>6.87</b>	<b>1.73</b>	<b>1.42</b>

#### The amounts recognized in Balance Sheet:

Particulars	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present Value of obligation as at the end of the period	7.21	6.87	1.73	1.42
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded Status	(7.21)	(6.87)	(1.73)	(1.42)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
<b>Net Asset/(Liability) recognized in balance sheet</b>	<b>(7.21)</b>	<b>(6.87)</b>	<b>(1.73)</b>	<b>(1.42)</b>

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

Particulars	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Current Service Cost	0.92	-	0.15	0.42
Past Service Cost	-	-	-	-
Interest Cost	0.53	-	0.11	0.11
Expected return on plan assets	-	-	-	-
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(1.11)	(0.63)	0.05	-
<b>Expenses recognized in the statement of profit and loss under employee costs</b>	<b>0.34</b>	<b>(0.63)</b>	<b>0.31</b>	<b>0.53</b>

**Actuarial Assumptions:**

Particulars	Percentage	Percentage
Interest Rate	7.75%	7.50%
Discounting Rate	7.75%	7.50%
Future Salary increase are considered taking into account inflation, seniority promotions and other relevant factors.	6.00%	6.00%
Expected Rate of return on plan assets	0%	0%

**Demographic Assumptions:**

Particulars	2017-18	2016-17
Retirement Age	60 years	60 years
Mortality Table	IALM (2006-08) duly modified	IALM (2006-08) duly modified
Attrition rate	20%	20%

Actuarial Valuation of Karuturi Global Ltd, has been considered here.

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

Description	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Gratuity</b>					
Defined Benefit Obligation	72.10	68.70	74.99	75.99	28.60
Planned asset	-	-	-	-	-
(Surplus)/Deficit	(11.10)	(6.30)	53.50	32.40	28.80
Experience adjustments in plan liabilities	(11.10)	(6.30)	53.50	32.40	28.80
Experience adjustments in plan assets	-	-	-	-	-
<b>Compensated absences</b>					
Defined Benefit Obligation	-	-	-	-	-
Planned asset	-	-	-	-	-
(Surplus)/Deficit	-	0.50	-	-	-
Experience adjustments in plan liabilities	-	-	-	-	-
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	2017-18	2016-17
a) Net Profit for Basic Earnings Per Share as per Profit & Loss a/c	5,195.61	9,057.80
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	-	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	1,497,531,526
- Diluted Earnings Per Share	1,497,531,526	1,497,531,526
Earnings Per Share – Before Extra-ordinary Items		
- Basic (Rs.)	0.35	0.60
- Diluted (Rs.)	0.35	0.60
d) Earnings Per Share – After Extra-ordinary Items		
- Basic (Rs.)	0.35	0.60
- Diluted (Rs.)	0.35	0.60
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
Yeshoda Karuturi	KMP
Rhea Karuturi	KMP
Anitha Reality Private Limited	KMP interested company.
Simply Class Fashions Private Limited	KMP interested company.
Rhea Holdings Private Limited	KMP interested company.
Horticulture Synergies	KMP Interested Firm
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	2017-18	(1,203.09)	104.80	-	(1,307.89)
	2016-17	(1,196.08)	7.01	-	(1,203.09)
Anitha Karuturi	2017-18	(1,112.69)	9.92		(1,122.61)
	2016-17	(1,085.55)	28.37	1.23	(1,112.69)

### Relative of KMP

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Anil Tumu	2017-18	-	0.85	-	(0.85)
	2016-17	-	1.02	-	(1.02)

### KMP Interested Firm

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Horticulture Synergies	2017-18	36.79	-	-	36.79
	2016-17	36.79	-	-	36.79

### KMP Interested Firm

Name	Year	Op. Balance	Taken	Repaid	Cl. Balance
Rhea Holdings Private Ltd.	2017-18	(174.65)	234.41	42.88	16.88
	2016-17	-	132.19	306.84	(174.65)
Anitha Realty Private Ltd.	2017-18	(46.10)	-	0.03	(46.07)
	2016-17	(4.87)	49.66	8.43	(46.10)



### 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>2017-18</b>	<b>2016-17</b>
<b>Segment Revenue - External Turnover</b>		
- Within India	874.95	2,369.78
- Outside India	24,475.31	29,185.21
<b>Total Revenue</b>	<b>25,350.26</b>	<b>31,554.99</b>
<b>Segment Assets</b>		
- Within India	(45,689.53)	(55,169.80)
- Outside India	339,462.74	338,421.20
<b>Total Assets</b>	<b>293,773.21</b>	<b>283,251.40</b>
<b>Segment Liability</b>		
Within India	10,795.40	10,901.02
Outside India	57,488.19	59,400.46
<b>Total Liability</b>	<b>68,283.59</b>	<b>70,301.47</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>31.03.2018</b>	<b>31.03.2017</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Dollar	65.0441	64.8386	64.4474	67.0896
Birr	2.3600	2.8368	2.5623	3.0301
Kshs	0.6478	0.6505	0.6254	0.6492
Euro	80.6222	75.0955	75.4219	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 H Muralidhar & Co.,**  
Chartered Accountants  
Firm Regn. No. 011874S

**For and on behalf of Board**

**CA. H. Muralidhar**  
M. No. 220686

**Yeshoda Karuturi**  
Director

**A C Darshan**  
Director

Place: Bangalore  
Date: 30/05/2018

Place: Bangalore  
Date: 30/05/2018

**KARUTURI GLOBAL LIMITED**

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

ATTENDANCE SLIPI/We hereby record my/our presence at the Twenty Third Annual General Meeting of the Company at Century Club, # 1, Sheshadri Road, Bangalore-560001 at 11.00 AM on Saturday the 29th day of September 2018, 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**

Registered Office: # 204, Embassy Centre, 11, Crescent Road, Bangalore– 560001  
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 23rd Annual General Meeting of the Company, to be held on the 29 th day of September 2018 at 11:00 A.M. at 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, 2018.	Ordinary		
2.	To Re appoint Ms. Yeshoda Karuturi who retires by rotation and being eligible offers herself for reappointment.	Ordinary		
3.	Appointment of Messrs K G Rao & Co., as the Statutory Auditor of the Company..	Ordinary		
4.	Rescission of Resolution passed on 13th March, 2018 through Postal Ballot with respect to increase in Authorised Share Capital of the Company.	Special		
5.	Increase in Authorized Share Capital of the Company	Special		
6.	Alteration of Capital Clause of Memorandum of Association of the Company	Special		
7.	Alteration of Articles of Association of the Company	Special		
8.	Allotment of Equity Warrants for 95 Crores shares.	Special		
9.	Realignment of Share Capital	Special		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

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

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







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Goals  
Challenges  
Opportunities  
Strategy