

EIGHTEENTH ANNUAL REPORT

**2013**



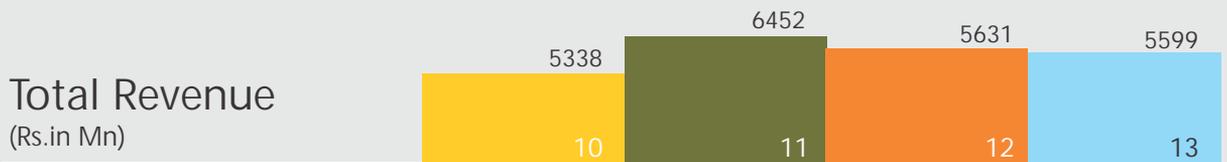
SECOND SUCCESSFUL YEAR OF  
MAIZE CULTIVATION IN ETHIOPIA

**KARUTURI**  
**ON TRACK**



# FINANCIAL HIGHLIGHTS

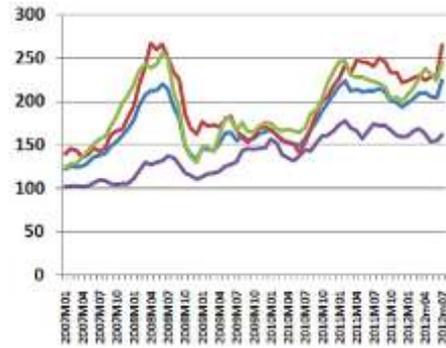
## STABLE PERFORMANCE IN 2013



LETTER TO THE SHAREHOLDERS

# RESILIENCE IN THE FACE OF A TOUGH YEAR

## Global Food Price Index



Source: World Bank DECPG



Dear Shareholder,

Our recipe for growth is also our blueprint for success. Our focus has expanded from being a large scale grower of roses to a major food producer.

We have acquired agricultural lands in Ethiopia, Africa, developed these into cultivatable land, built infrastructure for irrigation, installed best of class machinery and we are sourcing best of class agricultural inputs like seeds from Pioneer Seeds, USA, fertilizers from Yara of France, weedcides and pesticides from several global majors like Bayer, Monsanto, Syngenta, Etal.



We have been very thoughtful and decisive about our plan to grow both organically and through partnerships in Ethiopia, Kenya and India. We have deeply analyzed the global agricultural market dynamics and our own portfolio and have put together a plan that will emphasize the areas where we have our strengths.

### ON ADDRESSING GLOBAL FOOD SECURITY

We are part of the solution to global food security. The number of people which the world must feed is expected to increase by another 50% during the first half of this century.



When coupled with significant nutritional improvements for the 2.1 billion people currently living on less than \$2/day (World Bank 2008), this translates into a very substantial rise in the demand for agricultural production.

**GLOBAL FOOD CRISIS:** Established trends that are affecting both global demand and supply.

**DEMAND SIDE:** Addition of 70 million people per year to the earth's population • 4 billion people moving up the food chain consuming livestock products • Demand for grain to produce ethanol.

**SUPPLY SIDE:** Limited new land to be brought under agriculture. • Prime crop land is being used for industrial and residential construction • Difficulty for farmers to keep pace with the growth in demand

**CHALLENGES AFFECTING FOOD PRICES:**

- Growing population
- Higher consumption per capita
- Production yield
- Bio-fuel demand
- Weather conditions
- Water scarcity
- Cost of production
- Insufficient production vs. demand
- Government Subsidies

**ADDRESSING KEY CONCERNS**

**OVERCOMING FLOODS**

The Successful and bountiful harvest of maize this year after the devastating floods of 2011 had vindicated the vision of the company to take the bold and courageous step of choosing to enter large scale commercial farming.

The flood reminds one of the Patalganga project, where Reliance executed the mega project ahead of schedule only to be devastated by floods. The flood did not stop the Company from building Reliance into a global power house that it is today; neither will it stop us from accomplishing our mega visionary project that will supply 5% of incremental world food demand.

Finally no strategy is meaningful without outstanding execution; we are investing in creating the factors that will accelerate the kind of growth we are looking for.

We are convinced that factors that made us very optimistic earlier are still present and stronger than ever. Growing global demand for agricultural products, our abundant water, land and labour resources as well as our expertise are factors that are going to drive our present and future growth

Yours sincerely,

**SAI RAMAKRISHNA KARUTURI**  
Chairman & Managing Director

# KARUTURI. GAINING MOMENTUM

With its maiden harvest Karuturi has climbed the ladder of success in executing its visionary agro project. Its second successful cropping on 12500 acres is due to be harvested in November 2013.

Karuturi has made multimillion dollar investments in equipments and machinery from the world's top suppliers like John Deere, CASE, Great Plains from USA; Volvo & Doosan from China and BEML from India.

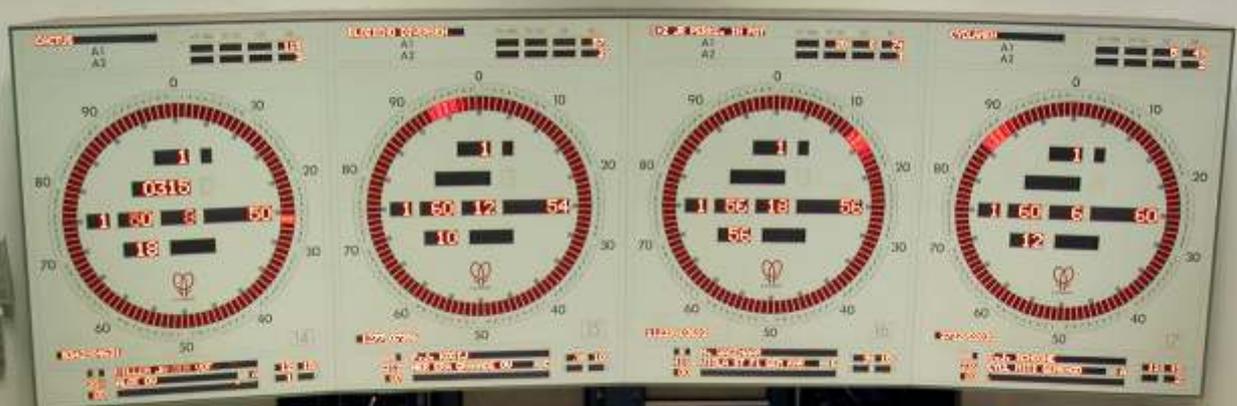
Karuturi is planning to plant around 25,000 to 55,000 acres next year increasing it further to 75,000 acres during the following year and reaching 1,65,000 acres under production by 2017. Our current yield is expected to increase to

5 MT per hectare with ongoing research and improved techniques.

Apart from corn, other crops which will form a part of our agro portfolio will be sugarcane, oil seeds and paddy.

A Hydroelectric dam located 40 km upstream from Karuturi's Gambella project has been commenced by the Ethiopian government at an investment of over \$1.5 billion. This will harness the potential of the Baro River for year-round irrigation whilst taming it and eliminating flood risk to the project.





UPDATE FROM HOLLAND

# DYNAMIC & POSITIVE EUROPEAN FLOWER MARKET

Henry Muller, Commercial Director, Holland

The cut flower business has had a strong and vibrant beginning this year with the Euro surging to 1.32 from 1.27 to a dollar last year. This has added significant margin to our already comfortable margin of 27% taking it to 32%

The excellent weather this year has helped to have a very buoyant flower market.

This was the best Valentine we have had in 10 years with record price surges, our top seller Red variety fetched Euro 0,81/stem (INR 58).

The Weather this Valentine was good unlike last year's catastrophic -9 deg Centigrade. International Women's Day (March 8th) used to be essentially a Russian & East European event. But this year it has taken on a global hue with demand spiking in Western Europe as well. This year coming so close to UK Mother's Day on March 10th led to a situation where we saw for the first time prices going higher than valentine prices for some varieties.

Especially for our Ethiopia flowers the average clock prices were higher than during Valentine!

As per market reports the demand on Women's day from customers in East European markets will continue to grow and new demand will be created in the West European markets.



BURGUNDY



RADIO



FURIOSA



# A SUSTAINABLE SYSTEM FOR ROSE PRODUCTION:

- Rosabel Wagichugu Nyamu, GM Floriculture

With the upheavals of 2012 affecting all of us in meaningful ways, we have used the upheavals to strengthen our competitiveness and cut fat.

## LEAN & MEAN:

Employing KAIZEN techniques and with improved workflow systems, today we have successfully retrenched redundant employees up to 960 people, to achieve this in an election year and with a strong union was no mean task.

Currently we have 130 ha under steel greenhouses with high quality, high productive varieties producing an average of 250 stems per square meter. Our annual yield is 330 million stems.

## COST EFFECTIVENESS

We have considerably reduced our operational costs by 28.57% adding an additional \$ 5 million to the

bottom-line for 2013

## SUSTAINABLE INITIATIVES:

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

We have established an earthworm project on an area of 2000 square meters and we are consulting organic scientists from the University of Nairobi with view to further refining the leachate. This project has reduced our fertilizer cost by 8-10% .

We have our own full fledged propagation unit with a capacity to produce up to 2.5 million top graft plants per year, which can

be planted to cover an area of 25 ha. With this capacity we are able to cushion ourselves from planting cost which would be in the region of Euro 7,50,000 (Rs. 5.4 Crores) per annum.



# TRENDS IN INTERNATIONAL FLOWER MARKETS

- Shireesh Jain, Global CEO

The world flower industry is a highly dynamic industry. Product varieties, production techniques and retailing arrangements are all undergoing continuous change challenging the adaptive capacity of the players involved.

A number of trends are having a significant influence on the flower industry for e.g., the increasing importance of quality products and the need to invest more capital to achieve this. While Germany is the main market for imports, The Netherlands is the world's leading exporter with 65 per cent share of world flower exports.

More than 60% of flowers are exported to the European countries - Germany, Great Britain, France, Italy, etc. The largest importer of flowers from Holland outside the Europe is the USA. Almost a quarter of all flower bulbs (from above 900 million pieces), exported by Holland, have been intended for the USA.

For Karuturi, Netherlands plays a pivotal role in the world flower trade because;

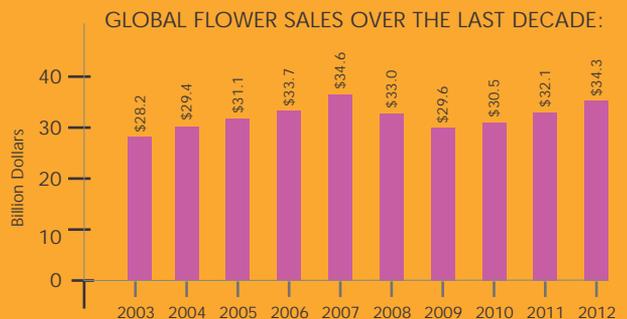
- It is home to some of the world's most efficient and most innovative manufacturers of Bouquets
- Netherlands has an efficient distribution system supported by road and air connections
- It is home to the largest of auctions for flowers and plants, which virtually set world market prices

Karuturi has tried to stay ahead by raising productivity, through diversification and innovation. Our production bases are blessed with favorable natural climatic conditions. Despite being thousands of miles away from the main European and North American markets our logistic infrastructure allows us to compete with European suppliers who are much closer to their principal markets.

At the retail level, flowers are being sold through a variety of outlets including traditional florists, garden centers, supermarkets, market and street vendors. The share of each differs by country. However, the share of supermarkets is on the increase. 75% of our produce is

now pre sold to super markets like Tesco (in different countries), Kaufland, Aldi, Rewe, Lidl (in different countries), Morrisons, Biedronka, C1000, Edeka, Intermarche, Carrefour, Le Clerc, Coop (Denmark), Spar (Hungary) in countries like Germany, UK, France, Poland, Holland, Hungary, Slovakia.

Valentine's Day remains one of the biggest gift-giving holidays of the year. A mix of traditional and non-traditional Valentine's Day gifts was popular this year. More than half (51.0%) of gift givers bought candy, spending \$1.6 billion in total, and another one-third (36.6%) gave flowers, with total spending expected to top \$1.9 billion in the US alone.



As is evident from the above figures in the graph, world flowers sales had peaked to US \$ 34.6 billion in the year 2007 and then fell to a low of US \$ 29.6 billion in the year 2009 due to the world financial meltdown of 2008. The markets have recovered to reach the 2008 level in the year 2012 and are expected to create a new high in the year 2013.

# STRATEGIC INITIATIVES TO INCREASE VALUE

UPDATE FROM ETHIOPIA - Pranab Ghosh, CFO, Ethiopia Operations



## INCREASING VALUE BY OPTIMUM UTILIZATION OF FARM EQUIPMENT

Karuturi has made multimillion dollar investments in equipments and machinery from the world's top suppliers like John Deere, CASE, Great Plains from USA; Volvo & Doosan from China and BEML from India. The Govt of Ethiopia has now allowed Karuturi to rent its machinery, opening a new revenue stream. This is reserved

normally for Ethiopian nationals only.



## INCREASING VALUE BY STREAMLINING PRODUCTION TECHNIQUES

Agriculture will need to become more productive and more sustainable in order to keep pace with rapidly increasing demands. Sustainable agriculture is at the core of Karuturi Global. We are committed to developing the technologies that enable us to produce more crops while conserving more of the natural

resources. Specifically, we are working to increase yields in our core crops every year. These yield gains will come from advanced farm-management practices.



## INCREASING PRODUCTIVITY BY STRATEGIC PARTNERSHIPS

Farmers National Company from USA, a century old farm management company with over 1500 farms in USA under its management is involved in our farming operations along with experts from Uruguay and Argentina. Karuturi has engaged these farmers on a long term contract with revenue sharing incentives



## INCREASING YIELD BY BETTER WATER UTILIZATION:

Our dry season farming is expected to grow substantially. Not only have we built irrigation canals and installed over 90 high power pumps to draw water from the river Baro, we are also augmenting this with bore wells. Added to this use of modern irrigation systems are helping us optimize as well as minimize use of water.



## INCREASING VALUE BY CREATING BETTER STORAGE AND LOGISTICS

We are in the process of building hi-tech silos that can store excess grain while keeping freshness longer. Our biggest advantage in economical transportation is the river Baro which is navigable 9 months in a year and has made Gambella a river port since 1907. We are looking at building to large barges that can cost effectively

transport our produce to other African countries specially South Sudan.

## Corporate Information

### **BOARD OF DIRECTORS**

Sai Ramakrishna Karuturi  
Chairman and Managing Director

Anitha Karuturi  
Wholetime Director

Aslesha P Madappa  
Director

Satish Kumar Caroli (till 14th November, 2012)  
Director

Raja Vara Prasad Bommidala  
Director

Mahendra Kumar Sunkara  
Director

Man Mohan Agarwal  
Director

Bina Dinesh Trivedi  
Director

Raaj Shah (till 3rd August, 2013)  
Director

### **COMPANY SECRETARY**

Nagesh Babu .K.L (till 25th June, 2013)

### **REGISTERED OFFICE**

# 204, Embassy Center,  
11, Crescent Road,  
Bangalore– 560001  
Email: investorrelations@karuturi.com  
URL : 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: krishnan.s@karvy.com

### **AUDITORS**

Messrs Hari Bhakti & Co.  
Chartered Accountants  
# 45, 1st Floor, 2nd Main, Sankey Road  
Lower Palace Orchads, Bangalore - 560003

# Annual Report 2012-13

## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held at 4:30 PM on Monday, the 30th day of September 2013, at Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore-560001 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, and the Profit and Loss Account for the year ended as on that date and the Schedules thereto, and the Notes thereon, together with Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raja Vara Prasad Bommidala, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mahendra Kumar Sunkara, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs YCRJ & Associates, Chartered Accountants, Bangalore, Registration No: 006927S & signing Partner Membership No: 029066, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, as recommended by the Audit Committee, in place of Messrs Haribhakti & Co, Chartered Accountants., and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

5. **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 Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended, the Company hereby accords approval to the reappointment of Mr. Sai Ramakrishna Karuturi as Managing Director of the Company for 5 years from 01.10.2013 to 30.09.2018 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

**RESOLVED FURTHER THAT** Mr. Sai Ramakrishna Karuturi shall be entitled to perquisites, allowance and other benefits as per the rules of the Company subject to the applicable laws and as set out in the explanatory statement.

**FURTHER RESOLVED THAT** in the event where in any financial year during the currency of his reappointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Managing Director the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the reappointment of Mrs. Anitha Karuturi as Whole time Director of the Company for 5 years from 01.10.2013 to 30.09.2018 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

**RESOLVED FURTHER THAT** Mrs. Anitha Karuturi shall be entitled to perquisites, allowance and other benefits as per the rules of the Company subject to the applicable laws and as set out in the explanatory statement.

**FURTHER RESOLVED THAT** in the event where in any financial year during the currency of her reappointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Whole time Director the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

Place: Bangalore  
Date: 12th August,2013.

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

**Company Secretary**

## Annual Report 2012-13

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the above- mentioned special business is annexed hereto.
3. The instrument appointing the proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Corporate Members are requested to send a duly certified copy of the Board resolution, authorizing their representative(s) to attend and vote at the Annual General Meeting, pursuant to the provisions of Section 187 of the Companies Act, 1956.
4. Members/proxies should bring the attendance slip sent herewith, duly filled-in along with the annual report for attending the Meeting.
5. 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.
6. The Register of Directors' Shareholdings, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the Members at the Annual General Meeting.
7. Members may also please note that as per Section 205A(5) and Section 205C of the Companies Act, 1956, all the amounts transferred to the Unpaid Dividend Account of the Company for the year ended 31st March, 2005 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.
8. Pursuant to SEBI notification no. MED/DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/ RTA to enable/effect transfer of Shares in physical form.
9. The Register of Members and Share Transfer Books will remain closed from 26th September 2013 to 30th September 2013 (both days inclusive).
10. Members are requested to notify the Registrar and Share Transfer Agents Karvy Computershare (P) Limited 17 -24 Vithal Rao Nagar, Madhapur, Hyderabad 500 081 for any change in their address so as to enable Company to address future communications to their correct addresses.
11. As part of the "Green Initiative in Corporate Governance", the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically considering its legal validity under the Information Technology Act, 2000. Being a Company with strong focus on green initiatives, Karuturi Global Limited shall send all shareholder communications such as the notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth 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](mailto:investorrelations@karuturi.com) by providing their DP Id and Client Id as reference.
12. Listing fee has been paid to all the Stock Exchanges where the Company is listed.
13. Members who wish to get any further information as regards the items to be transacted at the meeting are requested to write to the Company Secretary at an early date so as to enable the management to reply at the meeting.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF COMPANIES ACT, 1956:

Perhaps the members will have noticed that the Company has achieved multiple times growth in the last few years. Substantial expansions in Ethiopia, one of the large acquisitions in Kenya leading to positioning of your Company as presumably the largest producer of quality roses in the world, establishment of food processing facilities near Bangalore, have spiralled up the revenue stream of the Company. These involved herculean efforts in identifying the prospects, evaluating them on a techno commercial basis, relentless negotiations with the target investors, building up of strong team and steering them in the carefully drawn out road map.

Your Managing Director, Mr. Sai Ramakrishna Karuturi, ably and effectively supported by Mrs. Anitha Karuturi has been responsible for the aforementioned achievements.

Based on the recommendation of the Remuneration Committee, your Board has recommended their fresh appointments as Managing Director and Executive Director respectively with the terms and conditions as enumerated below:

1. Period of appointment – Five (5) years beginning from October 1, 2013 and ending on September 30, 2018.
2. Details of remuneration :
  - (i) Salary : Re. 1/- per annum
  - (ii) Perquisites and allowances :
    - b) Provision for driver / driver's salary allowance : As per the rules of the Company
    - c) Personal accident / Medical insurance : As per the rules of the Company
    - d) Other statutory benefits : As applicable

The resolution seeks approval of the members in terms of the provisions of Section 269, 309, 198, and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and also in compliance of Clause (c) of Part I of Schedule XIII, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force to the appointment of , Mr. Sai Ramakrishna Karuturi, and Mrs. Anitha Karuturi for a period of five (5) years commencing from 1st October, 2013.

Apart from Mr Sai Ramakrishna Karuturi himself and Mrs Anitha Karuturi herself, no other directors may be deemed to be concerned or interested in the aforementioned Resolutions.

This may also be regarded as an abstract of the terms of contract of appointment of Mr Sai Ramakrishna Karuturi himself and Mrs Anitha Karuturi and Memorandum of Interest under Section 302 of the Companies Act, 1956.

By Order of the Board  
For Karuturi Global Limited

Place : Bangalore  
Date : 12th August,2013

Company Secretary

## Annual Report 2012-13

### Annexure to Notice

Information pertaining to Directors seeking appointment or re-appointment at the 18th Annual General Meeting as required by Clause 49 (IV) (G) of the Corporate Governance Guidelines.

Particulars	Mr. Raja Vara Prasad Bommidala	Mr. Mahendra Kumar Sunkara
Date of Birth & Nationality	25th July, 1971, Indian	14th June, 1965, Indian
Date of Appointment	29th January, 2010	29th January, 2010
Qualifications	Bachelor in Commerce	Chemical Engineering
Directorships held in other Public Companies (excluding foreign companies)	Hilton Tobacco Pvt Ltd. Premier Tobacco Packers Pvt Ltd., Guntur Bommidala Enterprises Pvt. Ltd, Guntur BBM Infotech Pvt. Ltd. BIO Pharma Laboratories Pvt Ltd., Hyderabad BWC Logistics Pvt. Ltd., Hyderabad	NIL
Membership/ Chairmanships of Committees of other public companies (included only Audit and Shareholders/ Investors Grievance Committee)	Nil	Nil
Shareholding in the Company (No. of shares)	Nil	Nil

## DIRECTORS' REPORT

To  
**The Members**  
**Karuturi Global Limited**  
**Bangalore**

Your Directors have pleasure in presenting the Eighteenth Annual Report along with the audited accounts of the Company for the financial year ended 31st March, 2013.

### FINANCIAL RESULTS:

On a consolidation basis, the financial results for the year under report of your Company stood as follows:

Particulars	(Rs. in lacs)	
	2012-13	2011-12
Total Income	56780.19	58925.88
Profit before depreciation & tax	14578.11	17674.85
Less: Depreciation	3296.08	3,867.98
Less: Provision for tax	4.74	139.62
Add: Deferred Tax – Credit	4180.01	17.08
Net Profit after Tax	10813.57	15632.35

### COMPANY PERFORMANCE:

#### Income:

Sales – The sales in fiscal 2013 were Rs. 55,986.10 lakhs as against Rs. 56,314.26 lakhs in fiscal 2012.

#### Expenditure:

**Material Expenses** - In fiscal 2013 the raw material expenses / purchases amounted to Rs. 32,631.69 lakhs constituting 58.29 % of net sales while raw material expenses in 2012 were Rs. 30,858.30 lakhs, constituting 54.80 % of net sales.

**Selling & Administrative Expenses** - The administrative expenses decreased to Rs 1743.29 lakhs in fiscal 2013 as compared to Rs 2,326.11 lakhs in fiscal 2012. As a percentage of net sales it to 3.11 % in fiscal 2013 from 4.13 % in fiscal 2012.

**Employee Expenses** - The employee expenses decreased to Rs.1,240.31 lakhs in fiscal 2013 from Rs.3,993.83 lakhs in fiscal 2012. As a percentage of net sales it has decreased from being 7.09% of net sales in fiscal 2012 to 2.22% of net sales in fiscal 2013.

**Financial Charges** - Financial charges amounted to Rs. 3491.29 lakhs in fiscal 2013 as compared Rs.1,257.89 lakhs in fiscal 2012. As a percentage of net sales, the financial charges expenses increased from 2.23 % in 2012 to 6.24% in 2013.

**Depreciation** - Depreciation amounted to Rs 3296.08 lakhs in fiscal 2013 as compared to Rs.3867.98 lakhs in fiscal 2012, representing a decrease of 14.29%.

**Earnings before Interest, Depreciation, Tax and Amortization (EBIDTA)** – The Company recorded EBIDTA of Rs. 18,069.40 lakhs in fiscal 2013 as against an EBIDTA of Rs. 18,932.74 lakhs in fiscal 2012, with EBIDTA margin decreased from 33.62 % in fiscal 2012 to 32.27% in fiscal 2013. Net Profit after tax and prior period adjustment – Our Net Profit for the fiscal 2013 stood at Rs.10,813.57 lakhs as against Rs.15,632.35 lakhs for fiscal 2012.

#### DIVIDEND:

In view of the aggressive ongoing expansion programs and considering the requirement of funds, Directors have decided not to recommend payment of dividend for the financial year 2012-13.

# Annual Report 2012-13

## MANAGEMENT DISCUSSION AND BUSINESS ANALYSIS :

### BUSINESS REVIEW:

During 2012 -13, your Company was able to maintain its position in the Floriculture Industry in the midst of the European Crisis which is its key market. The Company continued to make steady progress in its Agricultural foray developing 35,000 Acres of Land in Ethiopia.

### AGRICULTURE:

Karuturi has harvested its maiden 21,000 tonnes of Maize crop cultivating on 10,000 Acres in Ethiopia. Karuturi is at the threshold of planting 12,500 Acres this April –May 2013.

Apart from corn, other crops which will form a part of our agro portfolio will be sugarcane, oil seeds and paddy.

While wet cultivation during the monsoons is being maximized, agriculture during the dry seasons will be driven by construction of canals and implementation of over 90 high performance pumps to draw water from the river Baro and further irrigate over 35,000 hectares. This is augmented by bore wells.

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

### FLORICULTURE:

The cut flower business has had a strong and vibrant beginning this year with the Euro surging to 1.35 from 1.27 to a dollar last year. This has added significant margin to our already comfortable margin of 27% taking it to 32%.

The excellent weather this year has helped to have a very buoyant flower market. This was the best Valentine the Company had in 10 years with record price surges, the top seller Red variety from Ethiopia fetched Euro 0.81/stem (INR 58) and Kenya fetched 0.46 (INR 33).

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

The Company has established a earth worm project on an area of 2000 square meters and we are consulting organic scientists from the University of Nairobi with view to further refining the leachate. This project has reduced our fertilizer cost by 8-10%.

The operational costs have considerably reduced by 28.57% adding an additional \$ 5 million to the bottom-line for 2013.

### FOOD PROCESSING:

This food Processing business at Karuturi Foods Private Limited (KFPL) has shown about 29 % growth in the top line during the year. The Company has expanded its reach to newer markets to Africa, Greece , South America and East European countries besides its main markets in Russia & Ukraine Regions. The Company has invested in some new machinery to increase the efficiency level of its processing to increase line speed. In the current year your Company plans to spread its market across various countries to reducing its dependency on Russia which is a very price sensitive & volatile market.

To strengthen the Agri Operations, Your company had gone to nontraditional Gherkin growing areas to improve the yields as well as to source higher volumes to avoid the field competition.

KFPL has participated in the Moscow Food Fair and ANUGA at Cologne, Germany and PLMA, Amsterdam. KFPL Plans to increase its processing capacity again in the next year by installing another pasteurizer, boiler and material handling equipment.

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

### OUTLOOK:

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

## **INCREASE IN PAID UP CAPITAL:**

The total Paid up Capital of the Company as on 31.03.2013 was Rs. 80,97,26,648/- as compared to Rs. 808,979,232/- as on 31.03.2012. This increase in Capital is pursuant to allotment of 7,47,416 Equity Shares of Re1/- each to the Employees as per ESOS.

### **Preferential Allotment of Fully Convertible Debentures**

The statutory approvals are awaited and hence the allotment is pending.

The allotment of the aforesaid Fully Convertible Debentures shall be made within 15 days from the date of passing of the resolution subject however to the applicable statutory regulatory provisions and the Guidelines by the Securities Exchange Board of India.

The Fully Convertible Debentures will be compulsorily convertible into Equity Shares with face value of Re. 1/- each before expiry of 18 months from the date of such allotment.

The number of Equity Shares to be allotted shall be dependent on the pricing determined under SEBI Regulations and other factors shall be determined at the time of conversion to equity.

The pricing of the resultant Equity Shares shall be determined as per SEBI (ICDR) Regulations which at present is as follows:

### **Higher of the following:**

- The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

For the aforesaid purpose, "Relevant date" as per regulation 71(b) of SEBI (ICDR) regulations means the date in case of preferential issue of convertible securities, a date thirty days prior to the date on which the holders of convertible securities become entitled to apply for equity shares.

### **GROUP COMPANIES:**

The following persons constitute the group coming within the definition of "Group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969, who exercise or are established to be in a position to exercise control, directly or indirectly over the Company [Section 2(ef)]:

- 1 Mr. Sai Ramakrishna Karuturi
- 2 Ms. Anitha Karuturi
- 3 Karuturi Floritech Pvt Ltd. India
- 4 Karuturi Foods Pvt Ltd., India
- 5 Karuturi Overseas Ltd, Dubai
- 6 Flower Xpress FZE, Dubai
- 7 Yeshoda Investments Ltd, Kenya
- 8 Rhea Holdings Ltd, Kenya
- 9 Surya Holdings Ltd, Kenya
- 10 Karuturi Sports Ltd, Kenya.
- 11 Karuturi Ltd, Kenya
- 12 Karuturi Hospital Ltd, Kenya
- 13 Ethiopian Meadows Plc, Ethiopia
- 14 Karuturi Agro Products Plc., Ethiopia
- 15 Surya Blossoms Plc. Ethiopia
- 16 Karuturi Greens and Marketing Private Limited
- 17 Karuturi Vegproducts Private Limited
- 18 Karuturi Farm Fresh Products Private Limited
- 19 Shiv Pack PLC, Ethiopia

Karuturi Telecom Pvt Ltd., India (upto 19.04.2013)

### **DIRECTORS:**

Mr. Raja Vara Prasad Bommidala and Mr. Mahendra Kumar Sunkara Directors, retire by rotation and being eligible, offer themselves for re-appointment.

# Annual Report 2012-13

## AUDIT COMMITTEE:

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws, continued to discharge its functions during the year under review.

## PERSONNEL:

The Directors wish to place on record their sincere appreciation for the services rendered by the employees of the Company at all levels both placed in India and Overseas.

## 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 2012-2013.

## DEPOSITS:

The Company has not accepted any deposits from the public falling under the purview of Section 58A of the Companies Act, 1956.

## AUDITORS:

Messrs Hari Bhakti & Co., Chartered Accountants, the existing Auditors have resigned. Hence based on requisition from shareholders, your Directors recommend Messrs YCRJ & Associates, Chartered Accountants, Bangalore as the statutory auditors for the year 2013-14 in the ensuing Annual General Meeting.

## FOREIGN EXCHANGE EARNINGS & OUTFLOW:

The Company earned Rs. 1,431.75 Lakhs in Foreign Exchange for the year ended 31.03.2013 as compared to Rs. 2,102.11 lakhs for the year ended 31.03.2012.

The out flow in foreign exchanges was Rs 90.74 lakhs as compared to Rs. 4.75 lakhs during the previous year.

## CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, CEO&CFO certification on the financials of the Company, Report on Corporate Governance, and Auditors' Report on compliance with the Corporate Governance requirements have been included as Annexures to this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Directors state:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departure;
- ii) that 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 the profit of the Company for the period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors had prepared the annual accounts on a 'going concern' basis.

## INSURANCE COVERAGE:

The Board reports that the Company has adequately insured all the assets of the Company.

## ACKNOWLEDGEMENTS:

Your Directors acknowledge with gratitude the confidence reposed on the Company by the Shareholders, Bankers, Statutory Authorities, Customers, Vendors and all others who deal with the Company and also wish to thank all the employees both India and Overseas for their sincere and unstinted support extended and expects the same for the years to come.

By the Order of the Board

Place : Bangalore  
Date : 12th August, 2013

**Sai Ramakrishna Karaturi**  
Chairman and Managing Director

## **ANNEXURE No : 1**

### **INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956**

In accordance with the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' Report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

## **ANNEXURE No: 2**

### **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, 2013 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, 2013 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.

Place : Bangalore  
Date: 12th August, 2013

**Anitha Karuturi**  
Wholetime Director

**Sai Ramakrishna Karuturi**  
Chairman & Managing Director

Details pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies 2012-13

Particulars	KTPL (Rs)	KFTPL (Rs)	KFPL (Rs)	KOL (Rs)	EMPLC (Rs)	KAPLC (Rs)	SBPLC (Rs)	SPPLC (Rs)	FZE (Rs)	KL (Rs)	RHL (Rs)	SHL (Rs)	YIL (Rs)	KHL (Rs)	KSL (Rs)	Total
Capital	-	5.00	200.00	44,780.06	6,022.14	661.72	661.72	27.32	103.25	3.03	0.61	0.12	0.01	0.61	0.06	52,465.64
Reserve	-	(0.28)	301.19	74,462.42	(1,438.67)	231.12	(715.12)	30.31	36,408.74	17,281.02	(157.77)	1,511.17	771.43	(78.01)	1.68	128,609.23
Detail of Investment	-	0.10	-	11,043.66	1,209.27	-	-	-	22,845.14	-	-	-	2,000.20	-	-	37,098.37
Total Assets	-	501.40	3,545.69	270,156.76	43,312.15	27,724.46	16,879.40	265.60	74,309.33	30,749.38	1,069.34	1,498.36	1,995.60	37.39	6.53	472,051.39
Total Liabilities	-	501.40	3,545.69	270,156.76	43,312.15	27,724.46	16,879.40	265.60	74,309.33	30,749.38	1,069.34	1,498.36	1,995.60	37.39	6.53	472,051.39
Turnover	483.85	10.03	1,983.94	31,228.59	1,700.33	3,058.39	855.06	110.40	16,382.37	6,464.08	49.76	35.39	-	161.52	83.27	62,616.98
Profit Before Tax	(37.69)	0.22	40.20	11,944.98	(367.87)	1,270.34	(674.73)	3.03	3,129.80	1,924.00	1.09	(6.71)	(0.32)	(7.68)	1.63	17,220.29
Provision for Tax	-	0.05	-	(3,963.62)	115.44	-	-	-	-	(823.31)	0.33	-	-	-	-	(4,671.12)
Profit After Tax	(37.69)	0.17	40.20	15,908.60	(483.31)	1,270.34	(674.73)	3.03	3,129.80	2,747.31	0.77	(6.71)	(0.32)	(7.68)	1.63	21,891.42
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

KFTPL	Karuturi Floritech Pvt Ltd.
KFPL	Karuturi Foods Pvt Ltd.
KOL	Karuturi Overseas Limited
EIMPLC	Ethiopian Meadows Plc
KA-PLC	Karuturi Agro Product Plc.
SBPLC	Sunya Blossoms Plc
SPPLC	Shiv Pack Plc

KL	Karuturi Limited
RHL	Rhea Holding Ltd
SHL	Surya Holding Ltd.
YIL	Yeshoda Investment Ltd
KHL	Karuturi Hospital Ltd.
KSL	Karuturi Sports Ltd.
FZE	Flower Xpress Fze

Place : Bangalore

Date : 12th August, 2013

Anitha Karuturi

Wholetime Director

Sai Ramakrishna Karuturi

Chairman & Managing

Director

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Karuturi Global Limited does believe and practice 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 obligations to optimize shareholders value and fulfill 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 shareholders' 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, 2013, the Board of the Company comprised of Eight Directors. The Company has an Executive Chairman and one Whole-time Director. The number of Non-Executive Directors is Five, all of them being Independent Directors. The composition of the Board is in accordance with the Clause 49 of the Listing Agreement and exceeds the percentages stipulated in the subject clause.

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 to other committees are as follows:

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 to other committees are as follows:

Name of the Director	Category	No. of Board Meetings attended	Directorships in other Companies/ Firms	Membership in other Companies/ Committees	Attendance at previous AGM
Sai Ramakrishna Karuturi	Executive & Non Independent Director	4	8	NA	Yes
Anitha Karuturi	Executive & Non Independent Director	3	6	NA	Yes
Aslesha P Madappa	Non Executive and Independent Director	3	1	NA	Yes
Raaj Sah	Non Executive and Independent Director	1	1	NA	No
Raja Vara Prasad Bommidala	Non Executive and Independent Director	2	4	NA	Yes
Mahendra Kumar Sunkara	Non Executive and Independent Director	1	1	NA	No
Manmohan Agrawal	Non Executive and Independent Director	4	11	NA	No
Bina Trivedi	Nominee Director	3	2	NA	No

### b. DATES OF BOARD MEETINGS:

During the year under review, 4 Board Meetings were held on the following dates:

15th May, 2012, 13th Aug, 2012, 14th Nov, 2012, 13th Feb, 2013.

# Annual Report 2012-13

## REPORT ON CORPORATE GOVERNANCE

### AUDIT COMMITTEE:

The Company has an independent Audit Committee in line with the Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956.

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 2012-13, the Audit Committee met on four times i.e. 15th May, 2012, 13th August, 2012, 14th November, 2012 and 13th February, 2013.

The constitution of Audit Committee and attendance of the Members for the year 2011-12 is as under:

Name of the Member	Category	No of Meetings	Attendance
Manmohan Agrawal	Non-Executive&Independent Director	4	4
Raja Bommidala	Non-Executive & Independent Director	4	3
Bina Trivedi	Non-Executive& Independent Director	4	3
Aslesha Madappa	Non-Executive & Independent Director	4	4

The Statutory Auditor, Head of Finance and Chief Executive Officer are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the Secretary to the Committee.

#### REMUNERATION COMMITTEE:

The Company has constituted Remuneration Committee to review periodically the Managerial Remuneration and make proper recommendations. The said Committee reconstituted on 15th November 2011, remained unaltered consisting of three non-executive Directors i.e Mr. Manmohan Agrawal, Mr. Raja Bommidala and Ms. Bina Trivedi.

#### COMMITTEE OF DIRECTORS

The Company has constituted Committee of Directors to take decisions on the normal course of business. The said Committee reconstituted on 15th November 2011, remained unaltered consisting of three Directors i.e Mr. Sai Ramakrishna Karuturi, Mrs. Aslesha Madappa 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
15th AGM	25-Sep-2010 at 3.30 PM	Chancery Hall, Atria Hotel, No. 1, Palace Road, Bangalore-560001
EGM	08-Sep-2010 at 4.30 PM	Wadiyar Hall, Century Club, No.1, Seshadri Road, Bangalore-560001
16th AGM	23-Sep-2011 at 3.00 PM	Wadiyar Hall, Century Club, No.1, Seshadri Road, Bangalore-560001
17th AGM	28-Sep-2012 at 5.00 PM	Wadiyar Hall, Century Club, No.1, Seshadri Road, Bangalore-560001

#### DETAILS OF SPECIAL RESOLUTIONS PASSED:

During the 17th Annual General Meeting of the Company, two special resolutions were passed:

##### a) Preferential Allotment of Fully Convertible Debentures

The statutory approvals are awaited and hence the allotment is pending.

The allotment of the aforesaid Fully Convertible Debentures shall be made within 15 days from the date of passing of the resolution subject however to the applicable statutory regulatory provisions and the Guidelines by the Securities Exchange Board of India.

The Fully Convertible Debentures will be compulsorily convertible into Equity Shares with face value of Re. 1/- each before expiry of 18 months from the date of such allotment.

The number of Equity Shares to be allotted shall be dependent on the pricing determined under SEBI Regulations and other factors shall be determined at the time of conversion to equity.

The pricing of the resultant Equity Shares shall be determined as per SEBI (ICDR) Regulations which at present is as follows:

##### Higher of the following:

- The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

For the aforesaid purpose, "Relevant date" as per regulation 71(b) of SEBI (ICDR) regulations means the date in case of preferential issue of convertible securities, a date thirty days prior to the date on which the holders of convertible securities become entitled to apply for equity shares.

# Annual Report 2012-13

## b) FCCB Restructuring

### 6. MEANS OF COMMUNICATION:

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

#### SHAREHOLDERS' GRIEVANCES COMMITTEE:

The Investors' Grievances Committee comprises of two Directors, Mrs. Aslesha P Madappa, 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 2012-13, the Company received 21 investor complaints, which have been attended to, and no complaints remain unresolved at the end of the year.

Mrs. Anitha Karuturi, Executive Director is also the Compliance Officer of the Company. The Committee acts in close liaison with its Share Transfer Agents and Registrars.

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

SI. No.	PARTICULARS	RECEIVED	DISPOSED	PENDING AS ON 31.03.2013
1	NON RECEIPT OF SHARE CERTIFICATES	3	3	0
2	NON RECEIPT OF DIVIDEND WARRANTS	7	7	0
3	NON RECEIPT OF ANNUAL REPORTS	4	4	0
4	COMPLAINTS FORM STOCK EXCHANGE	4	4	0
5	COMPLAINTS FORM SEBI	2	2	0
Total		20	20	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 give quarterly and annual certification of the financial statements to the Board, as required under clause 49.

### 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 practicing Company Secretary, Mr. Vijayakrishna KT is given elsewhere in this Annual Report.

## 11. GENERAL SHAREHOLDERS' INFORMATION

- i) AGM Date: 30th Sept 2013,  
Time : 4 P.M  
Venue : Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore- 560001
- ii) Financial Year ending 31st March 2013.
- iii) Date of dispatch of Annual Reports : On or before September 2013
- iv) Book Closure dates: 25.09.2013 to 30.09.2013 (both days inclusive).

### 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 31.03.2013:

SI No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	68340	89.15	67643095	8.35
2	5001- 10000	3901	5.09	30412947	3.76
3	10001- 20000	2105	2.75	31168823	3.85
4	20001- 30000	752	0.98	19103223	2.36
5	30001- 40000	368	0.48	13075136	1.61
6	40001- 50000	274	0.36	12843279	1.59
7	50001- 100000	474	0.62	35100695	4.33
8	100001& Above	440	0.57	600379450	74.15
	<b>Total:</b>	<b>76655</b>	<b>100</b>	<b>809726648</b>	<b>100</b>

### Shareholding pattern as on 31.03.2013:

Category	No of Holders	Total Number of shares	% of Equity
Promoter Group	2	58500000	7.22
Promoters & Directors	3	70198260	8.68
Foreign Institutional Investors	9	213347301	26.37
Mutual Funds /UTI	1	14657	0.00
TRUSTS	3	215000	0.03
NON RESIDENT INDIANS	842	21161202	2.61
FOREIGN COMPANIES	3	105416325	13.03
FOREIGN BODIES	2	30282786	3.74
CLEARING MEMBERS	89	1306473	0.16
Bodies Corporate	1225	67954947	8.39
Insurance Companies	1	1500000	0.19
GDR	1	11511000	1.42
Resident Individuals	74471	276065836	34.09
Central Government / State Government(s)	0	0	0.00
<b>Total</b>	<b>76655</b>	<b>809726648</b>	<b>100%</b>

## Annual Report 2012-13

### SHARE PRICE MOVEMENTS:

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

Month	High Price	Low Price	Close Price	Volume of shares
Apr-12	5.50	4.70	4.98	2,59,41,480
May-12	5.70	4.46	4.56	4,98,82,282
Jun-12	5.19	4.34	4.38	3,62,99,403
Jul-12	5.02	3.90	4.09	3,38,55,897
Aug-12	4.41	3.90	3.79	2,52,42,705
Sept-12	4.55	2.95	4.47	3,27,94,204
Oct-12	5.38	4.01	4.36	6,46,14,027
Nov-12	4.70	3.85	3.87	2,12,15,057
Dec-12	4.19	2.85	3.04	9,01,98,743
Jan-13	3.45	2.79	2.89	3,27,02,111
Feb-13	3.85	2.66	2.87	3,96,82,370
Mar-13	3.36	2.78	3.11	2,43,42,276

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

Month	High Price	Low Price	Close Price	Volume of shares
Apr-12	5.55	4.65	4.95	1,53,95,063
May-12	5.50	4.40	4.55	3,03,00,434
Jun-12	5.20	4.30	4.35	1,75,58,219
Jul-12	5.00	3.90	4.10	2,14,05,038
Aug-12	4.50	3.50	3.75	1,45,46,186
Sept-12	4.60	2.80	4.45	2,72,86,474
Oct-12	5.50	4.00	4.40	3,74,47,708
Nov-12	4.70	3.80	3.85	1,43,68,738
Dec-12	4.20	2.85	3.05	6,84,65,127
Jan-13	3.35	2.75	2.90	2,14,68,460
Feb-13	3.80	2.70	2.85	3,09,15,833
Mar-13	3.40	2.75	3.05	1,96,38,484

vii) The ISIN No for the dematerialized Shares of the Company is INE 299C01024

#### India :

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

#### Overseas:

- Wollisso City  
Ethiopia
- Holeta  
Ethiopia
- Gambella  
Ethiopia
- Bako, Gambella  
Ethiopia
- Naivasha  
Kenya

#### Address for Correspondence: Registered Office

No.204, Embassy Center, 11 Crescent Road, Bangalore-560001, India.

#### Corporate Office

No.204, Embassy Center, 11 Crescent Road, Bangalore – 560001, India. Ph : 080 40809000  
Email: investorrelations@karuturi.com

#### Registrar & Transfer Agents

Karvy Computershare (P) Limited, 17 -24 Vithal Rao Nagar, Madhapur  
Hyderabad 500 081

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

Name of the contact Person:

Mr.S.Krishnan, Senior Manager.

email: krishnan.s@karvy.com.

## 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 for	Due date transfer to IEPF
2005-2006	Final Dividend	Re. 2.00	04-Nov-06	02-Nov-13
2006-2007	Interim Dividend	Re. 1.00	17-Jan-07	15-Jan-14
2006-2007	Final Dividend	Re. 1.00	04-Nov-07	02-Nov-14
2007-2008	Final Dividend	Re. 0.20	02-Nov-08	01-Nov-15
2008-2009	Final Dividend	Re. 0.10	02-Nov-09	31-Oct-16
2009-2010	Final Dividend	Re. 0.10	01-Nov-10	30-Oct-17
2010-2011	Final Dividend	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: investorrelations@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

## Annual Report 2012-13

transfer deed at the appropriate place.

- Shareholders are requested to keep record of their specimen signature before lodgment of shares with the Company to obviate the possibility of difference in signature at a later date.
  - Shareholders of the Company, who have multiple accounts in identical names(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s), are requested to apply for consolidation of such Folio(s) and send the relevant Share Certificates to the Company.
  - Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in single name, may avail of the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form.
  - Shareholders are requested to give their valuable suggestions for improvement of the Company's investor services.
- x) The Practicing Company Secretary's certificate on Corporate Governance as required by Clause 49 of the listing agreement is given as Annexure to this report.

## Auditor's Certificate on Corporate Governance

To  
The Members  
Karuturi Global Limited

1. I have examined the compliance of the conditions of Corporate Governance by Karuturi Global Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange, Mumbai and with the National Stock Exchange of India Limited.
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. I state that in respect of investor grievances received during the year ended 31st March, 2013, no investor grievances is pending against the Company as on 31st March, 2013, as per the records maintained by the Company and presented to the Shareholders' and Investors' Grievances Committee.
5. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore  
Date : 12th August, 2013

**Vijaykrishna KT**  
Practicing Company Secretary  
FCS – 1788  
CP - 980

# Independent Auditor's Report

To

The Board of Directors of Karuturi Global Limited

We have audited the accompanying financial statements of Karuturi Global Limited ("the company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter/ Other matter:

1. To note no. 2.3 B, w.r.t. foreign currency convertible bonds, wherein approval from Reserve Bank of India is pending. Based on such approvals / non-approvals, there can be several outcomes.
2. To note no. 2.3 C and 2.7 B with regard to Provisions of Sec 58 A of the Companies Act, 1956.
3. To note no. 3.2, w.r.t. the outcome of the various contingent liabilities and corporate guarantees given by the Company and the possible exposure of the same on the Company's financial statement.
4. To note no. 3.2, w.r.t seizure of bank accounts by the Income Tax Department.

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Our report is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit except for the matter described in the basis of disclaimer of opinion paragraph;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Haribhakti & Co.**

Chartered Accountants

Firm Registration No.103523W

**Sunil Birla**

Partner

Membership No.202226

Place: Bangalore

Date: 7th June 2013

## ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Karuturi Global Limited on the financial statements for the year ended 31st March 2013]

- (I)
  - (a) The Company has not maintained proper records showing full particulars, including quantitative details, situation and description of fixed assets.
  - (b) All the fixed assets have not been physically verified by the management during the year and there is no regular program for verification.
  - (c) During the year, the Company has disposed off a substantial part of the Fixed Assets amounting to Rs.2,308.32 Lakhs. On the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we are of the opinion that the disposal of the said part of fixed assets has not affected the going concern status of the Company.
- (ii)
  - (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii)
  - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (iii)(b), (c) and (d) of the order are not applicable.
  - (e) The Company had taken loan from four parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 5,679.52 lakhs and the year-end balance of loans taken from such parties was Rs. 4,894.36 lakhs.
  - (f) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
  - (g) In respect of the aforesaid loans, the loan is repayable on demand.
- (iv) In our opinion and according to the information and explanations given to us, the internal control system does not commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have observed the following continuous failure to correct weakness in internal control system of the company:
  - I) Purchase order and Goods Receipt notes are generally not prepared for recording Purchases and Inventory.
  - ii) Sales order and Delivery Challans are generally not prepared for recording Sale of Goods and services.
  - (v)
    - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
    - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
  - (vi) In our opinion and according to the information and explanations given to us, the company has not complied with the provisions of Sections 58A/58AA, Companies (Acceptance of Deposits) Rules, 1975 and other relevant provisions of the Companies Act, 1956 with regard to the deposits accepted from public. The company has, in earlier years, accepted deposits from the two of its directors who are also members of the company and the year-end balance of the same is Rs. 2301.42 lakhs. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

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- (vii) The Company has an internal audit system, the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty, have not been regularly deposited with the appropriate authorities and there have been delays.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Due Date	Date of Payment
Finance Act 1994	Service Tax	0.07 lakhs	2012-13	5th Sep 2012	Not paid till date
Finance Act 1994	Service Tax	0.02 lakhs	2012-13	5th Aug 2012	Not paid till date
Finance Act, 1994	Service Tax	0.09 lakhs	2010-11	31st Mar 2011	Not paid till date
Finance Act 1994	Service Tax	0.21 lakhs	2010-11	5th Jan 2011	Not paid till date
Finance Act, 1994	Service Tax	37.42 lakhs	2010-11	5th Jan 2011	Not paid till date
Finance Act 1994	Service Tax	0.21 lakhs	2009-10	31st Mar 2010	Not paid till date
Finance Act, 1994	Service Tax	9.66 lakhs	2008-09	5th Jan 2012	Not paid till date
Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund	0.06 lakhs	2011-12	15th Apr 2012	Not paid till date
Karnataka Value added Tax Act, 2012	Value added Tax	1.07 lakhs	2012-13	20th Sep 2012	Not paid till date
Karnataka Value added Tax Act, 2012	Value added Tax	0.12 lakhs	2012-13	20th May 2012	Not paid till date
Income tax Act, 1961	Tax deducted at source	2.57 lakhs	2012-13	7th Sep 2012	Not paid till date
Income tax Act, 1961	Tax deducted at source	2.88 lakhs	2012-13	7th Aug 2012	Not paid till date
Income tax Act, 1961	Tax deducted at source	2.38 lakhs	2012-13	7th Jul 2012	Not paid till date
Income tax Act, 1961	Tax deducted at source	3.07 lakhs	2012-13	7th Jun 2012	Not paid till date
Income tax Act, 1961	Income tax	132.42 lakhs	2011-12	31st Mar 2012	Not paid till date
Income tax Act, 1961	Tax collected at source	0.01 lakhs	2012-13	7th May 2012	Not paid till date

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty and excise duty on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount which the amount relates	Period to	Due Date
Income tax act, 1961	Income tax liability	863.44 lakhs	Assessment year 2005-06	Commissioner (Appeals) Bangalore
Income tax act, 1961	Income tax liability	792.72 lakhs	Assessment Year 2006-07	Income tax appellate tribunal Bangalore
Income tax act, 1961	Income tax liability	1,850.91 lakhs	Assessment Year 2007-08	Commissioner (Appeals) Bangalore
Income tax act, 1961	Income tax liability	7,772.38 lakhs net of refund for AY 2006-07	Assessment year 2008-09	Commissioner (Appeals) Bangalore
Income tax act, 1961	Income tax liability	4,764.30 lakhs	Assessment year 2009-10	Commissioner (Appeals) Bangalore
Karnataka entry tax on goods Act	Entry tax	0.97 lakhs	Assessment year 2005-06	Joint Commissioner of Commercial taxes, Audit-13, VAT DVO -1
Karnataka entry tax on goods Act	Entry tax	3.87 lakhs	Assessment year 2007-08	Joint Commissioner of Commercial taxes, Audit-13, VAT DVO -1
Karnataka entry tax on goods Act	Entry tax	1.57 lakhs tax paid under protest	Assessment year 2008-09	Joint Commissioner of Commercial taxes, Audit-13, VAT DVO -1
The Finance Act, 1994	Service tax	172.62 lakhs	Financial year 2005-06	Commissioner/ CESTAT (Appeals)

- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, The company has defaulted in repayment of principal dues to Axis Bank, amounting to Rs. 2,000 lakhs which became due for repayment on 13th February 2013. As at 31st March 2013, Rs. 2,025.90 lakhs is the amount due along with interest. The company has also defaulted in repayment of dues to foreign currency convertible Bond (FCCB) holders amounting to Rs. 30,705.44 lakhs which became due for repayment on 19th October 2012. The bondholders have agreed to restructure the facility, however, the same is yet to be approved by the Reserve Bank of India.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

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- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- (xvi) The company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the company during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

### **For Haribhakti & Co.**

Chartered Accountants

Firm Registration No.103523W

### **Sunil Birla**

Partner

Membership No. 202226

Place: Bangalore

Date: 7th June 2013

**Balance Sheet as at 31st March 2013**

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	31.03.2013	31.03.2012
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	8,097.27	8,089.79
Reserves and Surplus	2.2	83,974.21	75,853.80
Share application money pending allotment		-	2.98
<b>Non-Current Liabilities</b>			
Long-Term borrowings	2.3	32,309.19	5,115.85
Deferred Tax Liabilities (Net)	2.4	-	104.92
Other Long Term Liabilities	2.5	-	350.00
Long Term Provisions	2.6	6.07	11.58
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	4,876.89	1,583.02
Trade Payables	2.8	232.41	162.61
Other Current Liabilities	2.9	3,937.72	21,373.35
Short Term Provisions	2.10	177.11	7,985.41
<b>Total</b>		<b>133,610.87</b>	<b>120,633.32</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed Assets			
- Tangible Assets	2.11	1,342.81	3,700.51
- Intangible Assets	2.11	4.66	5.23
Non Current Investments	2.12	45,915.76	46,482.33
Deferred Tax Assets (Net)	2.4	98.92	-
Long Term Loans and Advances	2.13	51,737.73	1,456.32
Other Non Current Assets	2.14	24,488.06	52,150.82
<b>Current Assets</b>			
Inventories	2.15	62.02	155.87
Trade Receivables	2.16	1,234.30	1,739.21
Cash and Bank balances	2.17	126.40	65.27
Short-Term Loan and Advances	2.18	8,257.64	14,770.50
Other Current Assets	2.19	342.57	107.24
<b>Total</b>		<b>133,610.87</b>	<b>120,633.32</b>

Significant Accounting Policies and Other Notes

Forming Integral part of Financials 1&amp;3

Contingent Liabilities and Capital Commitments 3.2

As Per our Report of even date attached

**For Haribhakti & Co.**

Chartered Accountants

Firm Regn. No.103523W

For and on behalf of Board

**Sunil Birla**

Partner

M. No.202226

(Firm Regn. No. 01154S)

**Sai Ramakrishna Karuturi**

Managing Director

**Anitha Karuturi**

Director

**Nagesh Babu K L**

Company Secretary

M. No. 23325

Place : Bangalore

Date : 7th June 2013

Place : Bangalore

Date : 7th June 2013

# Annual Report 2012-13

## Statement of Profit and loss account for the year ended 31.03.2013

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending 31.03.2013	Year Ending 31.03.2012
<b>Income</b>			
Revenue from Operations	2.20	1,914.88	2,210.59
Other Income	2.21	331.46	1,255.06
<b>Total Revenue</b>		<b>2,246.34</b>	<b>3,465.65</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.22	176.24	37.31
Purchase of Stock-in Trade	2.23	444.00	888.03
(Increase)/Decrease in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade	2.24	93.59	(6.73)
Employee Benefits Expense	2.25	95.61	184.48
Finance Costs	2.26	431.06	182.02
Depreciation and Amortisation Expenses	2.11	99.73	70.31
Other Expenses	2.27	751.92	856.40
<b>Total Expenses</b>		<b>2,092.15</b>	<b>2,211.82</b>
<b>Profit / (Loss) Before Tax</b>		<b>154.19</b>	<b>1,253.83</b>
Tax Expense			
Current Tax		-	124.56
Deferred Tax Charge / (Credit)	2.4	203.85	(14.44)
<b>Profit / (Loss) After Tax</b>		<b>358.04</b>	<b>1,143.71</b>
Prior Period Expenses / (Income)	2.28	4,643.58	- -
<b>Profit / (Loss) for the Year from continuing operations</b>		<b>(4,285.54)</b>	<b>1,143.71</b>
<b>Earning per Equity Share (Face value of shares Re. 1/- (PY Re 1/-))</b>			
Basic	3.10	(0.53)	0.14
Diluted		(0.53)	0.13

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

1&3

**For Haribhakti & Co.**

Chartered Accountants  
Firm Regn. No.103523W

For and on behalf of Board

**Sunil Birla**

Partner  
M. No.202226  
(Firm Regn. No. 01154S)

**Sai Ramakrishna Karuturi**

Managing Director

**Anitha Karuturi**

Director

**Nagesh Babu K L**

Company Secretary  
M. No. 23325

Place : Bangalore

Date : 7th June 2013

Place : Bangalore

Date : 7th June 2013

**Cash Flow Statement For The Year Ended 31st March 2013.**

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	31.03.2013	31.03.2012
<b>A. Cash Flows from Operating Activities</b>		
Profit before tax	154.19	1,253.83
Net Cash Adjustment to reconcile profit before tax to net cash Flows		
Depreciation /amortization on continuing operation	99.73	70.31
Prior Period Income	(4,643.58)	-
Loss on sale of Tangible Assets	330.65	228.89
Profit on Sale of Investment	(112.33)	-
Interest expense	431.06	182.02
Interest Income	(63.57)	(68.59)
Sundry Balance Written Off	(18.79)	-
Provision for Bad Debts	20.87	-
Dividend Income	(5.16)	(7.16)
Written back of ESOP	(17.14)	-
Premium on forward contracts	(9.00)	-
Provision for Employee benefits	-	2.80
Exchange (Gain)/Loss	819.02	-
<b>Operating Profit Before Working Capital Changes</b>	<b>(3,014.05)</b>	<b>1,662.10</b>
<b>Movement In working Capital :</b>		
Increase in Liabilities	2,474.17	859.33
(Increase)/Decrease in Trade Receivables	484.03	(869.62)
(Increase)/Decrease in Inventories	93.85	(12.39)
Increase in Other Current Assets	(1,312.54)	(5,114.61)
(Increase)/Decrease in Other non Current Assets		
Cash Generated from/(used in) operations	(1,274.53)	(3,475.19)
Direct Taxes Paid (Net of refunds)	0.50	55.82
Net Cash Flow from/(used in ) Operating Activities (A)	(1,275.03)	(3,531.00)
<b>B. Cash Flows from Investing Activities</b>		
"Purchase of Fixed Assets Including intangible asset, CWIP and Capital Advances"	(0.29)	(297.44)
Proceeds from sale of Fixed Asset	1,928.18	435.97
Proceeds of non current Investment	678.90	21.71
Purchase of non current Investment	-	(112.28)
Interest Received	1.84	68.59
Dividend Received	5.16	7.16
Net Cash flow from/(used in) Investing Activities (B)	2,613.78	123.71
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Issuance of Share Capital	4.49	34.72
Proceeds from Issuance of Share Options	-	33.29
Proceeds from Securities Premium	-	715.28
Share warrants/ESOP received	-	2.98
Increase / Decrease in Secured Loans	-	44.95
Increase / Decrease in Unsecured Loans	(857.08)	3,488.43
Interest Paid	(425.06)	(182.02)
Dividend Paid on equity Shares	-	(805.51)
Tax on Equity Dividend Paid	-	(130.66)
<b>Net Cash flow from/(used in ) Financing Activities (C)</b>	<b>(1,277.65)</b>	<b>3,201.46</b>
Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)	61.10	(205.83)
"Effect of exchange difference on cash & cash equivalent held in foreign Currency"		
Cash and Cash Equivalents at the beginning of the year	65.27	271.10
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>126.40</b>	<b>65.27</b>
Net Increase/(decrease) in Cash and Cash equivalents during the year	61.13	(205.83)
Components of cash and cash equivalents (Refer note 2.17)		
Cash on hand	21.42	3.73
Balances in Current Accounts		
<b>Other Bank Balances</b>	<b>49.53</b>	<b>2.60</b>
<b>Fixed deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	17.89	19.34
<b>Margin Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months (Refer note 1 below)	1.07	2.85
Earmarked for specific purpose (Refer note 2 below)	36.49	36.75
<b>Total</b>	<b>126.40</b>	<b>65.27</b>

Significant Accounting Policies and Other Notes Forming Integral part of Financials 1 &amp; 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 Haribhakti & Co.**

For and on behalf of Board

 Chartered Accountants  
 Firm Regn. No.103523W

**Sunil Birla**  
 Partner  
 M. No.202226

**Sai Ramakrishna Karuturi**  
 Managing Director

**Anitha Karuturi**  
 Director

**Nagesh Babu K L**  
 Company Secretary  
 M. No. 23325

 Place : Bangalore  
 Date : 7th June 2013

 Place : Bangalore  
 Date : 7th June 2013

# Annual Report 2012-13

## 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

The Financial Statements of the Company are prepared under historical cost convention, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act').

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, 1956. 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 are in conformity with the Indian GAAP which requires the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### 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 Tangible and Intangible Assets

Tangible Assets are stated at actual cost less accumulated depreciation and impairment if any. The actual cost includes acquisition cost, taxes, duties, wherever applicable, and all other expenses directly attributable for putting the asset into its intended use.

The cost and accumulated depreciation of tangible assets sold are removed from the stated values and the resultant Profit/Loss has been included in Statement of Profit & Loss.

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.

Intangible Assets are stated at actual cost less accumulated depreciation. The actual cost includes acquisition cost, taxes, duties, wherever applicable, and all other expenses directly attributable for putting the asset into its intended use.

## 1.5 Depreciation

Depreciation on fixed assets has been provided on "Straight line method at the rates prescribed in Schedule XIV to the Companies Act 1956. 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. Assets purchased/Installed during the year costing less than Rs. 5,000/- each are fully depreciated.

Biological assets are not depreciated as the same is not covered in AS 6.

## 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.

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## **Other Long term Benefits:**

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

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

## **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 Accounting Standard – 29: “Provisions, Contingent Liabilities and Contingent Assets”, issued by the Institute of Chartered Accountants of India, where there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

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

Contingent Assets are not recognized in the Financial Statements

### 1.17 Leases

#### As a lessee:

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

#### As a lessor:

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

#### Finance lease:

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

### 1.18 Segment Reporting

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”

#### Note: 2.1

#### Share Capital

Particulars	31.03.2013		31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
<b>Authorised Capital</b>				
Equity shares of Re.1/- each	1,100,000,000	11,000.00	110,000,000	11,000.00
<b>Subscribed, Issued and Paid Up:</b>				
"Equity shares of Re.1/- each fully paid up"	809,726,648	8,097.27	808,979,232	8,089.79
	<b>809,726,648</b>	<b>8,097.27</b>	<b>808,979,232</b>	<b>8,089.79</b>

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

Particulars	31.03.2013		31.03.2012	
	Number of Shares	Amount	Number of Shares	Amount
<b>Number of Equity Shares outstanding at the beginning of the year</b>				
Number of Equity Shares Issued during the year on Preferential Allotment	808,979,232	8,089.79	805,507,010	8,055.07
Allotted against ESOP entitlement	-	-	3,472,222	34.72
	747,416	7.47	-	-
<b>Number of Equity Shares outstanding at the end of the year</b>	<b>809,726,648</b>	<b>8,097.27</b>	<b>808,979,232</b>	<b>8,089.79</b>

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### 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 is set below;

Name of Shareholder	31.03.2013		31.03.2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
K S Ramakrishna*	68,820,880	8.50%	68,820,880	8.51%
Simply Class Fashions Private Limited*	50,505,653	6.24%	68,000,000	8.41%
India Focus Cardinal Fund	48,729,013	6.02%	66,143,000	8.18%
Elera India Opportunities Fund Ltd	61,057,000	7.54%	61,057,000	7.55%
Emerging India Focus Funds	43,959,886	5.43%	55,925,582	6.91%
Rays Global Corporation	41,000,000	5.06%	41,000,000	5.07%
Maxworth Investment Ltd	41,000,000	5.06%	41,000,000	5.07%

\*Of the above, 33,195,090 Shares held by K S Ramakrishna have been pledged with DMI Finance Private Limited and 10,700,000 shares held by Simply Class Fashions Private Limited have been pledged with Dhanalaxmi Cotex Limited and DMI Finance Private Limited (5,500,000 and 5,200,000 respectively) for the reasons of borrowing money

## 2.2 Reserve And Surplus

Particulars	31.03.2013	31.03.2012
<b>Capital Reserve</b>		
Opening Balance	553.08	553.08
Add: Amount Transferred	-	-
Less: Amount utilised	-	-
<b>Closing Balance</b>	<b>553.08</b>	<b>553.08</b>
<b>Securities Premium Account</b>		
Opening Balance	70,876.12	77,857.96
Add: Received during the year	-	715.28
Add: Credit on account of reversal of GDR issue expenses	-	100.19
Less: FCCB Redemption Premium	939.08	7,797.31
<b>Closing Balance</b>	<b>69,937.03</b>	<b>70,876.12</b>
<b>Share Options outstanding Account</b>		
Opening Balance	33.29	-
Add: Amount Transferred during the year	-	52.53
Less: Deferred ESOP outstanding Account	12.98	19.24
Less: Deferred ESOP outstanding written back	4.16	-
<b>Closing Balance</b>	<b>16.16</b>	<b>33.29</b>
<b>Foreign Currency Monetary Translation Reserve</b>		
Opening Balance	-	-
Add: Amount Transferred during the year	13,362.15	-
<b>Closing Balance</b>	<b>13,362.15</b>	<b>-</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	3,603.72	2,460.01
Add: Profit for the Year	(4,285.54)	1,143.71
<b>Closing Balance</b>	<b>(681.82)</b>	<b>3,603.72</b>
<b>Total</b>	<b>83,974.21</b>	<b>75,853.80</b>

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## 2.3 Long Term Borrowings

Particulars	31.03.2013		31.03.2012	
	Non Current	Current	Non Current	Current
<b>A. Secured Loans</b>				
1)Kotak Mahindra Prime Limited Finance lease obligation(Refer note 2.3A)	6.39	49.06	1,480.11	123.98
2)From others NHB Soft Loan(Refer note 2.3A)	-	166.59	-	125.04
<b>B. Unsecured</b>				
1)From others Foreign Currency Convertible Bonds (FCCB) (Refer note 2.3B)	28,017.05	2,688.38	-	19,952.40
Loans and advance from related parties(Refer note 2.3C)	4,285.74	-	3,635.74	-
<b>Total</b>	<b>32,309.18</b>	<b>2,904.03</b>	<b>5,115.85</b>	<b>20,201.42</b>
Less: Current maturities of long term debt disclosed under other current liabilities. (Refer Note 2.9)	-	2,904.03	-	20,201.42
<b>Net Long term Borrowings</b>	<b>32,309.19</b>	<b>-</b>	<b>5,115.85</b>	<b>-</b>

### 2.3 A)Details of Secured Loans:

Sl. No	Name of Bank/ Financial Institution	Details of Security	Amount Outstanding		Repayment Terms
			31.03.2013	31.03.2012	
1	Kotak Mahindra Prime Limited (Finance Lease Obligation)	Secured against hypothication of vehicle	55.45	-	Loan amounting to 100.00 lakhs repayable in 24 monthly instalment beginning from 19 june- 12 along with interest of 20.21%
2	National Horticulture Board, Bangalore	Equitable Mortgage Leasehold Land, Bldg, Plant & Machinery at Doddababllapur	166.59	125.03	To be set off against deposits made by the Company grouped under Short Term Loans and Advances
3	ICICI Bank Ltd, Bangalore	Equitable Mortgage office premises at 10th Floor Raheja Tower, M.G Road, Bangalore	-	1516.04	Quarterly 67 lakhs payable, ending on 10/02/2021
4	Dhanlaxmi Bank, Bangalore	Hypothecation of vehicle	-	40.82	Quarterly 3 lakhs payable, ending on 15/03/2016
5	HDFC Bank, Bangalore	.....do.....	-	0.22	Quarterly 0.22 lakhs payable, ending on 06/06/2012
6	ICICI Bank Ltd, Bangalore	.....do.....	-	31.03	Quarterly 6 lakhs payable, ending on 01/08/2013
7	ICICI Bank Ltd, Bangalore	.....do.....	-	15.97	Quarterly 2 lakhs payable, ending on 15/06/2014
		<b>Total</b>	<b>222.04</b>	<b>1,729.12</b>	

## 2.3 B) Foreign Currency Convertible Bonds:

The original terms & conditions of FCCB were as:

Particulars	
Issue Currency	USD
Issue Size	500 lakhs
Issue Date	12th Oct 2007
Maturity Date*	19th Oct 2012
Coupon Rate	Zero Coupon
Yield to maturity-compounded semi annually	7.00%
Conversion Price post price reset.	Rs. 18.99 per Share
Fixed Exchange Rate of Conversion	Rs.39.73
Conversions as at 31st March 2012	\$ 110.00 lakhs
Prorata premium on redemption provided for as on 31st March 2012	\$ 141.53 lakhs or Rs. 7,805.38 lakhs
Mandatory Conversion Option	Yes

•Pro-rata Redemption Premium upto 31.03.2013 is provided by debiting Securities Premium Account.

\*On maturity of FCCB on 19th Oct 2012, the company had applied to the bonds holders for restructuring the bonds. The bonds holders vide resolution dated 05th March 2013 approved the restructuring of FCCB on the following terms. However the same is due for approval from RBI, and hence is in default.

### On approval from RBI, redemption would be as:

The bonds of an accreted principal amount of US\$ 49,42,855.75 on 08 May 2013;

The bonds of an accreted principal amount of US\$ 9,885,711.50 on 15 May 2014;

The bonds of an accreted principal amount of US\$ 9,885,711.50 on 29 April 2015;

On or before 8 May 2013, exchange on a cashless basis, the bonds of accreted principal value of USD 30,363,256.75 plus the additional exchange amount for the new bonds. The new bonds of the company shall be issued by the company on 8 May 2013 (new bond issue date)

Additional exchange amount will be interest on US\$ 55,077,535.50 at the rate of 7% per annum from and including 19 October 2012 to, but excluding, new bond issue date.

The new bonds of the company shall be issued by the company on the new bond issue date in two tranches being tranche A(Tranche A Bonds”) and tranche B(“Tranche B Bonds”). Bonds of an accreted principal value of US\$ 15,000,000 shall be exchanged with Tranche A Bonds issued by the company on the new bond issue date and bonds of an accreted principle value of US\$ 15,363,256.75 plus the additional exchange amount shall be exchanged with Tranche B Bonds issued by the Company on the New Bond Issue Date.

In the opinion of management, there will not be any penal consequences in the event of non approval of FCCB restructuring from RBI and hence contingent liability is not disclosed.

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

Sl. No	Name of Person/Company/Institution	Repayment Terms	Amount outstanding	Amount outstanding
			31.03.2013	31.03.2012
1	Term Loan Anita Karuturi *	Repayable in 2014-15	1,600.00	600.00
2	K.S Ramakrishna Karuturi *	Repayable in 2014-15	100.00	500.00
3	Rhea Holding Pvt. Ltd	Proposed to be converted into convertible debentures	2,585.74	2,535.74
		<b>Total</b>	<b>4,285.74</b>	<b>3,635.74</b>

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\* The 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 2013 are as under:

Particulars	31.03.2013	31.03.2012
<b>Deferred Tax Assets:</b>		
Opening Balance	(104.92)	(119.36)
Additions during the year	203.85	-
Deletions during the year	-	14.44
<b>Net (Deferred Tax Liabilities)/Assets</b>	<b>98.93</b>	<b>(104.92)</b>

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws

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	31.03.2013	31.03.2012
<b>Unsecured</b>		
Deposit received from a Subsidiary Company	-	350.00
<b>Total</b>	<b>-</b>	<b>350.00</b>

### 2.6 Long Term Provisions

Particulars	31.03.2013	31.03.2012
<b>Employee Benefits</b>		
Gratuity (Unfunded) (Refer note 3.8)	5.24	8.32
Compensated absences(Unfunded) (Refer note 3.8)	0.83	3.26
<b>Total</b>	<b>6.07</b>	<b>11.58</b>

## 2.7 Short term borrowings

Particulars	31.03.2013	31.03.2012
<b>Secured</b>		
From Bank		
Working Capital Facilities from Bank(refer note 2.7A)	1,194.41	1,199.24
Other short term loans(refer note 2.7A)	2,025.90	-
Inter Corporate Deposits - Payable on demand	483.33	-
	<b>3,703.65</b>	<b>1,199.24</b>
<b>Unsecured</b>		
<b>From Others</b>		
Loans and advances from Related Parties (refer note 2.7B)	608.62	329.58
Inter Corporate Deposits - Payable on demand	564.63	54.20
	1,173.25	383.78
<b>Total</b>	<b>4,876.89</b>	<b>1,583.02</b>

### 2.7 A Details of security of short term borrowings.

Sl. No	Name of Bank/Financial Institution	Details of Security	Amount outstanding		Repayment Terms
			31.03.2013	31.03.2012	
1	Working Capital Facilities from Bank-Axis Bank Limited	First charge on Pari passu basis on current assets of company, Second charge on Fixed assets of the company; Personal guarantee of Director-Sai Ramakrishna Karuturi	1,194.41	1,199.24	Repayable on Demand
2	Axis bank Limited*	Exclusive charge on immovable properties of the company, personal assets and guarantees of the promoters and their relatives, Second charge on current assets present and future of the company.	2,025.90	-	Repayable on Demand
3	DMI Finance	Personal guarantee of Director-Sai Ramakrishna Karuturi	483.33	-	Repayable on Demand

\*There is a default on repayment of Short term loan from Axis Bank of Rs. 2,025.90 Lakhs (PY-Nil) from 13th Feb 13 till date.

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### 2.7 B Loans and advances from Related Parties

Sl. No	Name of Person/Company/Institution	Repayment Terms	Amount outstanding	Amount outstanding
			31.03.2013	31.03.2012
	Short Term Loan			
1	Anita Karuturi *	Repayable on demand	420.12	152.84
2	K.S Ramakrishna Karuturi *	Repayable on demand	181.30	126.73
3	Rhea Holding Pvt Ltd	Repayable on demand	-	50.00
4	Anitha Reality Private Limited	Repayable on demand	7.20	-

\* The 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.

### 2.8 Trade payables

Particulars	31.03.2013	31.03.2012
<b>Trade Payables</b>		
- due to Micro, Small & Medium Enterprises*	-	-
- others Creditors**	232.41	162.61
<b>Total</b>	<b>232.41</b>	<b>162.61</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	31.03.2013	31.03.2012
Current maturities of long term debt and Finance lease obligation (Refer Note 2.3)	2,904.03	20,201.42
Interest accrued but not due	16.70	10.70
Unpaid dividends*	33.20	33.20
Statutory remittances	280.42	55.76
Liabilities for expenses	214.53	170.52
Advance received from Customers	12.91	19.17
Expenses due to Related Party**	73.33	758.18
Employee benefits payable	41.45	16.84
Forward Contract Payable Account	217.56	-
Other Amount Payable	143.59	107.57
<b>Total</b>	<b>3,937.72</b>	<b>21,373.35</b>

\* The company has transferred unclaimed dividend of Rs. 2.50 Lakhs of 2004-05 to Investor education and protection fund as on date

\*\* Amounts payable to subsidiary and step down subsidiary.

## 2.10 Short Term Provisions

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>Employee Benefits</b>		
Provision for Bonus	-	1.93
Gratuity (Unfunded) (Refer note 3.8)	0.41	0.75
Compensated absences(Unfunded) (Refer note 3.8)	0.10	0.26
<b>Others</b>		
Provision for Income Tax(Net)	176.60	177.10
Provision for Redemption Premium on FCCB	-	7,805.38
<b>Total</b>	<b>177.11</b>	<b>7,985.41</b>

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## 2.11 Fixed Assets

Particulars	Gross Block			Accumulated Depreciation				Net block	
	As at 1st April 2012	Additions	Disposals	As at 31st March 2013	As at 1st April 2012	Depreciation	Deductions/ Other adjustments	As at 31st March 2013	As at 31st March 2012
Tangible Assets									
Land-Freehold	189.87	-	-	189.87	-	-	-	189.87	189.87
Land- Leasehold	291.82	-	-	291.82	-	-	-	291.82	291.82
Buildings	2,507.83	-	(2,231.60)	276.23	78.62	40.58	(36.08)	193.11	2,429.22
Borewell	2.00	-	-	2.00	0.25	0.03	-	1.72	1.76
Greenhouse	351.55	-	-	351.55	142.67	11.74	-	197.13	208.87
Plant and Machinery	135.88	0.29	-	136.17	74.44	6.46	-	55.27	61.44
Plantation	318.24	-	-	318.24	127.30	-	-	190.94	190.94
Furniture and Fixtures	87.68	-	-	87.68	33.92	5.55	-	48.21	53.76
Computers	41.03	-	-	41.03	32.66	6.65	-	1.72	8.38
Vehicles-Freehold	293.43	-	(76.72)	216.71	73.28	23.49	(13.41)	133.35	220.15
Vehicles under Lease-Finance Lease	48.95	-	-	48.95	4.65	4.65	-	39.65	44.30
<b>Total</b>	<b>4,268.28</b>	<b>0.29</b>	<b>(2,308.32)</b>	<b>1,960.25</b>	<b>567.78</b>	<b>99.15</b>	<b>(49.49)</b>	<b>1,342.81</b>	<b>3,700.51</b>
<b>Previous Year</b>	<b>4,739.45</b>	<b>297.44</b>	<b>(768.61)</b>	<b>4,267.77</b>	<b>601.64</b>	<b>69.88</b>	<b>(103.75)</b>	<b>3,700.50</b>	<b>4,137.81</b>
Intangible Assets									
Web development	6.30	-	-	6.30	2.11	0.33	-	3.86	4.19
Computer software	1.50	-	-	1.50	0.46	0.24	-	0.80	1.04
<b>Total</b>	<b>7.80</b>	<b>-</b>	<b>-</b>	<b>7.80</b>	<b>2.57</b>	<b>0.58</b>	<b>-</b>	<b>4.66</b>	<b>5.23</b>
<b>Previous Year</b>	<b>7.80</b>	<b>-</b>	<b>-</b>	<b>7.80</b>	<b>2.14</b>	<b>0.43</b>	<b>-</b>	<b>5.23</b>	<b>5.66</b>
<b>Grand Total</b>	<b>4,276.08</b>	<b>0.29</b>	<b>(2,308.32)</b>	<b>1,968.05</b>	<b>570.35</b>	<b>99.73</b>	<b>(49.49)</b>	<b>1,347.47</b>	<b>3,705.74</b>
<b>Grand Total Previous Year</b>	<b>4,747.25</b>	<b>297.44</b>	<b>(768.61)</b>	<b>4,275.57</b>	<b>603.78</b>	<b>70.31</b>	<b>(103.75)</b>	<b>3,705.73</b>	<b>4,143.47</b>

The title in respect of leasehold land acquired by the company at a cost of Rs. 291.82 Lakhs are held in Trust in the name of an employee of a subsidiary Company. 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. 42.00 Lakhs is registered in the name of the Managing Director of the company.

## 2.12 Non Current investments

Particulars	31.03.2013	31.03.2012
<b>Unquoted Trade investment</b>		
Investment in Subsidiaries(Refer note 2.12A)	45,722.22	46,263.62
	<b>45,722.22</b>	<b>46,263.62</b>
<b>Other Investment</b>		
<b>Investments in Government or Trust securities:</b>		
National Savings Certificate	0.01	0.01
	<b>0.01</b>	<b>0.01</b>
<b>Investments in Mutual Funds:</b>		
Kotak Mahindra Realty fund-HNI Fund	193.53	218.69
	193.53	218.69
<b>Total</b>	<b>45,915.76</b>	<b>46,482.33</b>
<b>Aggregate value of unquoted investments</b>	<b>45,915.76</b>	<b>46,482.33</b>

### 2.12A Investments (Unquoted)

Particulars	Face value Per Share	31.03.2013			31.03.2012		
		No of Shares	Extent of Holding(%)	Amount	No of Shares	Extent of Holding(%)	Amount
In Subsidiaries. (Unquoted)-valued at cost							
Fully paid up equity shares in:							
Karuturi Overseas Ltd., Dubai, UAE	AED 1	385,000,000	100.00%	44,780.07	385,000,000	100.00%	44,780.07
Karuturi Telecom Pvt. Ltd*	Rs. 10	-		-	3,470,000	100.00%	541.40
Karuturi Foods Pvt. Ltd	Rs. 10	2,000,000	100.00%	785.00	2,000,000	100.00%	785.00
Karuturi Floritech Pvt. Ltd	Rs. 10	50,000	100.00%	5.00	50,000	100.00%	5.00
Florista India Pvt Ltd.	Rs. 100	45,872	52.99%	152.16	45,872	52.99%	152.16
Total				45,722.23			46,263.63
*Sold during the year							

## 2.13 Long term loans and advances

Particulars	31.03.2013	31.03.2012
<b>Unsecured, Considered good</b>		
<b>Loans and advances to related parties:-</b>		
Loan to Subsidiary*	50,044.83	-
<b>Others:-</b>		
Balance with government authorities	928.00	688.73
Prepaid Expenses	737.40	767.59
Other Receivables	27.50	-
<b>Total</b>	<b>51,737.73</b>	<b>1,456.32</b>

\*Loan to subsidiary is as:

Particulars	31.03.2013	31.03.2012
Karuturi Overseas Limited	50,044.83	-
<b>Total</b>	<b>50,044.83</b>	<b>-</b>

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### 2.14: Other non current assets

Particulars	31.03.2013	31.03.2012
Share application money pending allotment		
Karuturi Overseas Limited	24,475.19	52,071.09
Security Deposits	8.81	16.74
<b>Other Bank Balances</b>		
Deposits with maturity more than 12 months	4.05	-
Other Receivable*	-	62.99
<b>Total</b>	<b>24,488.06</b>	<b>52,150.82</b>

\* Sum Receivable from step subsidiary- Flower Xpress FZE.

### 2.15: Inventories

Particulars	31.03.2013	31.03.2012
Raw Materials and components (Valued at Cost)	8.65	8.92
Work-in-progress (Valued at net realisable value basis)	1.88	128.43
Finished goods (Valued at net realisable value basis)	46.48	16.27
Stock in Trade (Valued at Cost or market price which ever is lower using FIFO method)	5.01	2.26
<b>Total</b>	<b>62.02</b>	<b>155.87</b>

### 2.16: Trade receivables

Particulars	31.03.2013	31.03.2012
<b>Unsecured</b>		
<b>a) Debts outstanding for Period Exceeding Six Months from the date it became due for payment</b>		
<b>Related Party Debtors</b>		
Considered Good	61.84	40.52
Considered Doubtful	36.79	27.82
<b>Other than Related Party Debtors</b>		
Considered Good	5.62	100.57
Considered Doubtful	64.95	53.05
	169.20	221.96
Less: Provision for Doubtful Debts - Related Party	36.79	27.82
Less: Provision for Doubtful Debts - other than Related Party	64.95	53.05
	<b>67.46</b>	<b>141.09</b>
<b>b) Other debts</b>		
Unsecured, Considered Good Related Party	1,104.30	840.61
Unsecured, Considered Good other than Related Party	62.54	757.51
	1,166.84	1,598.12
<b>Total</b>	<b>1,234.30</b>	<b>1,739.21</b>

**2.17: Cash and bank balances**

Particulars	31.03.2013	31.03.2012
<b>Cash and cash equivalents</b>		
Cash on Hand	21.42	3.73
Balances in Current Accounts	49.53	2.60
<b>Other Bank Balances</b>		
<b>Fixed deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	17.89	19.34
<b>Margin Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	1.07	2.85
Unpaid Dividend Accounts	36.49	36.75
<b>Total</b>	<b>126.40</b>	<b>65.27</b>

**2.18: Short term loan and advances**

Particulars	31.03.2013	31.03.2012
<b>Unsecured, Considered Good</b>		
<b>Loans and advances to related parties:-</b>		
Advance to Related Parties*	7,721.51	14,610.60
<b>Others:-</b>		
Advance to Staff	7.00	18.33
Advance for Purchases	22.22	27.66
Security Deposits	173.18	111.45
Prepaid Expenses	0.03	2.46
Others Receivables	333.70	-
<b>Total</b>	<b>8,257.64</b>	<b>14,770.50</b>

\*Advance to subsidiaries and step subsidiaries are as under:-

Particulars	31.03.2013	31.03.2012
Karuturi Overseas Limited	6,235.07	13,930.88
Karuturi Agro Products Plc	564.03	-
Karuturi Foods Pvt Ltd	922.42	604.90
Karuturi Telecom Pvt Ltd	-	74.82
<b>Total</b>	<b>7,721.52</b>	<b>14,610.60</b>

**2.19 Other Current Assets**

Particulars	31.03.2013	31.03.2012
Forward Contract Receivable Account	232.30	-
Subsidy/ Export Incentive Accrued	110.27	107.24
<b>Total</b>	<b>342.57</b>	<b>107.24</b>

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### 2.20: Revenue from operations (Net)

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Sale of Agriculture Produce*		
- Indigenous	81.07	108.49
- Export	1,236.64	1,028.28
Sale of Traded Products		
- Indigenous	402.06	-
- Export	195.11	1,073.83
<b>Total</b>	<b>1,914.88</b>	<b>2,210.59</b>

<b>*Details of Sale of Agriculture Produce:</b>		
Flowers	133.75	288.72
Plant & Plant Materials	1,183.95	848.05
<b>Total</b>	<b>1,317.71</b>	<b>1,136.77</b>

### 2.21: Other income

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>Dividend</b>		
From long term investments	5.16	7.16
<b>Interest</b>		
Fixed deposits	1.84	1.77
Income tax refund	-	66.82
Other Interest	61.73	-
Profit on sale of Investments	112.33	-
Lease Rental Income	3.00	13.00
Creditors Written Back	22.04	16.49
Insurance Claim	8.90	-
Miscellaneous Income	18.65	0.60
Subsidy/ Export Incentive	26.03	5.47
Write back of ESOP	17.14	-
Exchange Gain	45.64	1,143.75
Premium on forward contracts	9.00	-
<b>Total</b>	<b>331.46</b>	<b>1,255.06</b>

### 2.22: Cost of Material Consumed

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Opening stock	8.92	3.27
Add: Purchases	175.97	42.96
Less: Closing stock	8.65	8.92
<b>Total</b>	<b>176.24</b>	<b>37.31</b>

### 2.23: Purchases of stock in trade

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Purchase of Traded Goods	444.00	888.03
<b>Total</b>	<b>444.00</b>	<b>888.03</b>

**2.24: (Increase)/Decrease in inventory of finished goods, work-in-progress and stock in trade**

Particulars	31.03.2013	31.03.2012
<b>Opening stock</b>		
Finished goods*	16.27	22.41
Work-in-progress-Plant & Plant Materials	128.43	99.07
Stock in Trade	2.26	18.74
	<b>146.96</b>	<b>140.22</b>
<b>Less: Closing Stock</b>		
Finished goods**	46.48	16.27
Work-in-progress-Plant & Plant Materials	1.88	128.43
Stock in Trade	5.01	2.26
	<b>53.37</b>	<b>146.96</b>
<b>(Increase)/Decrease in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade</b>	<b>93.59</b>	<b>(6.73)</b>

Particulars	31.03.2013	31.03.2012
<b>*Details of Opening Stock of Finished Goods:</b>		
Plant & Plant Materials	16.20	15.00
Flowers	0.07	7.41
<b>Sub-Total</b>	<b>16.27</b>	<b>22.41</b>
<b>**Details of Closing Stock of Finished Goods:</b>		
Plant & Plant Materials	46.45	16.20
Flowers	0.03	0.07
<b>Sub-Total</b>	<b>46.48</b>	<b>16.27</b>

**2.25: Employee benefits expense**

Particulars	31.03.2013	31.03.2012
Salary, Allowances and Termination Benefits	91.90	180.80
Staff Welfare Expenses	3.17	3.29
Contribution to Provident Fund	0.54	0.39
<b>Total</b>	<b>95.61</b>	<b>184.48</b>

**2.26: Finance Cost**

Particulars	31.03.2013	31.03.2012
Interest on Term Loans*	253.36	29.92
Interest on Finance Lease obligation	11.62	12.71
Interest on Working Capital Borrowings	118.57	40.39
Interest On Inter Corporate deposits	5.22	46.48
Foreign Exchange Gain/Loss on account of Borrowing Cost	32.52	-
Interest on Others	-	12.87
Bank Charges	9.77	39.65
<b>Total</b>	<b>431.06</b>	<b>182.02</b>

\* Borrowing Cost capitalized during the year under review in accordance with Accounting Standard (AS)-16 Rs. Nil (Previous Year - Rs. 201.91 lakshs).

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### 2.27: Other Expenses

Particulars	31.03.2013	31.03.2012
Advertisement Expenses	38.53	9.52
Auditors Remuneration*	14.05	8.16
Balances written off	3.25	-
Provision for Bad and Doubtful Debts	20.87	130.04
Business Promotion Expenses	19.11	5.76
Custodian & Exchange Listing Fees	7.56	19.01
Directors Sitting Fees	2.60	2.60
Freight, Clearing & Forwarding Charges	80.18	152.45
General Expenses	51.27	90.81
Green House Maintenance	-	0.24
Insurance	6.20	19.28
Professional charges & Membership Fee	68.15	36.59
Power Charges	15.52	17.76
Printing & Stationery	2.92	5.82
Rates & Taxes	22.60	15.44
Rent	9.11	6.06
Repairs & Maintenance - Building	-	0.10
Repairs & Maintenance - Machinery	-	2.78
Repairs & Maintenance - Others	15.80	9.20
Communication Expenses	22.49	26.14
Travelling and conveyance	4.39	41.69
Vehicle Maintenance	8.01	11.10
Loss on Sale of Tangible Asset	330.65	228.89
Prior Period Expenses	-	7.53
Security Charges	8.66	9.41
<b>Total</b>	<b>751.92</b>	<b>856.40</b>

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

Particulars	31.03.2013	31.03.2012
Statutory Audit Fees	8.99	6.00
Tax Audit Fees	1.69	2.02
Reimbursement of Expenses	-	0.14
Limited Review	3.37	-
<b>Total*</b>	<b>14.05</b>	<b>8.16</b>

\*Inclusive of service tax

### 2.28: Prior period items

Particulars	31.03.2013	31.03.2012
Foreign Exchange Gain/Loss on account of Borrowing Cost	1,061.44	-
Foreign Exchange Gain/ Loss	2,369.70	-
Reversal of Exchange Gain for Prior Years	1,212.21	-
Other Expenses	0.23	-
<b>Total</b>	<b>4,643.58</b>	<b>-</b>

### 3. Other Disclosures:

3.1: The Company is operating primarily in a single segment of floriculture. As there is no diversified business activity there is no business segment. Hence the requirements of disclosure under Accounting Standard for segment reporting (AS17) would not apply.

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

Particulars	31.03.2013	31.03.2012
<b>Contingent Liabilities</b>		
Disputed Income Tax Dues (as detailed below)	16,043.75	8,349.66
Disputed Service Tax Dues	172.62	172.62
Disputed Entry Tax	11.86	2.50
Corporate Guarantees Given to the Bank against Borrowing by the Subsidiaries	49,625.07	49,621.80
<b>Total</b>	<b>65,853.30</b>	<b>58,146.58</b>

a) The Company has received a demand for Rs. 863.44 Lakh for AY 2005-06, Rs. 1850.90 Lakh for AY 2007-08, Rs 8349.66 Lakhs (outstanding Rs. 7772.38 Lakhs) for Assessment year 2008-2009 and Rs. 4764.29 for Draft Assessment order for 2009-10 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 Commissioner of Appeals Bangalore upheld the contention of the Company relating to a demand of Rs 792.71 Lakhs for the Assessment Year 2006-2007 made by the Assessing Authorities and deleted the additions and hence demand. The department has filed an appeal contesting the decision of the Commissioner of Appeals Bangalore before the Income Tax Tribunal Bangalore.

c) The Income Tax Department has seized 17 bank accounts of the company during the year.

#### 3.3: Expenditure in foreign currency

Particulars	31.03.2013	31.03.2012
Membership & Subscription Charges	5.43	-
Insurance	0.68	-
Legal, Professional Charges	19.92	-
Plants Purchased	63.92	-
Travelling expense	0.79	4.75
<b>Total</b>	<b>90.74</b>	<b>4.75</b>

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

Particulars	31.03.2013		31.03.2012	
	Rs.	%	Rs.	%
<b>Raw materials</b>				
Imported	-	-	-	-
Indigenous	176.23	100.00%	37.31	100.00%
<b>Total consumption</b>	<b>176.23</b>	<b>100.00%</b>	<b>37.31</b>	<b>100.00%</b>

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## 3.5: Dividend remitted in foreign currency

Particulars	31.03.2013	31.03.2012
Amount of Dividend remitted in foreign currency	-	13,262.52
Total number of non-resident shareholders	-	4
Total no. of shares held by them on which dividend was due	-	13,262,521,000
Year to which dividend relates	NA	2010-11

Figures in bracket represents previous year figures

**Note:** The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount amount per share shall be disclosed separately.

## 3.6: Earnings in foreign currency

Particulars	31.03.2013	31.03.2012
Export of goods calculated on F.O.B. basis	1,431.75	2102.11
Other income (Lease rental income)	-	10

## 3.7: Leasing Arrangements

### Operating Lease:

#### Where the Company is the lessee

The significant leasing arrangements entered into by the company include the following:

“Building taken on operating lease with lease term from 01-10-2012 to 30-09-2013 for office premises and which are renewable on a periodic basis by mutual consent of both parties for further period of 12 months. All the operating leases are cancellable by the Lessee for any reason by giving notice of 2 months. There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.”

Lease payments recognized under rent expenses in note 2.27 is as follows:

Particulars	31.03.2013	31.03.2012
Minimum lease payment made on operating lease	9.11	6.06

## 3.8 Employee Benefits:

### a) Defined Contribution Plan:-

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

Particulars	31.3.2013	31.3.2012
Employer's contribution to Provident Fund	0.54	0.39
<b>Total</b>	<b>0.54</b>	<b>0.39</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	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the beginning of the period (1st April 2012)	9.06	7.79	3.52	2.87
Acquisition Adjustment	-	-	-	-
Interest Cost	0.63	0.66	0.25	0.24
Past Service Cost	-	-	-	-
Current Service Cost	0.43	1.54	0.10	1.03
Curtailement Cost	-	-	-	-
Settlement Cost	-	-	-	-
Benefits Paid	(2.82)	-	0.89	-
Actuarial (gain)/loss on obligation	(1.65)	(0.93)	(2.06)	(0.62)
Present Value of Obligation as at the end of period (31st March 2013)	5.65	9.06	0.93	3.52

**The amounts recognized in Balance Sheet:**

Particulars	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the end of the period	5.65	9.06	0.93	3.52
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded Status	(5.65)	(9.06)	(0.93)	(3.52)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
Net Asset/(Liability) recognized in balance sheet	(5.65)	(9.06)	(0.93)	(3.52)

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

Particulars	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Current Service Cost	0.43	1.54	0.10	1.03
Past Service Cost	-	-	-	-
Interest Cost	0.63	0.66	0.25	0.24
Expected return on plan assets	-	-	-	-
Curtailement cost	-	-	-	-
Settlement cost	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(1.65)	(0.93)	(2.06)	(0.62)
Expenses recognized in the statement of profit and loss under employee costs	(0.60)	1.27	(1.70)	(0.66)

# Annual Report 2012-13

## Actuarial Assumptions:

Particulars	Percentage	Percentage
Interest Rate	8.25%	8.05%
Discounting Rate	8.25%	8.05%
Future Salary increase are considered taking into account inflation, seniority promotions and other relevant factors.	10.0%	5.00%
Expected Rate of return on plan assets	0%	0%

## Demographic Assumptions:

Particulars	2012-13	2011-12
Retirement Age	60 years	58 years
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Attrition rate	20%	3%

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

## 3.9 Employee Stock Option:

Under the Employee Stock Options Scheme 2008 (ESOS-2008), the Company has granted 60, 00,000 Options to its eligible employees, the details of which are as follows:

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

Description	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
<b>Gratuity</b>					
Defined Benefit Obligation	56.54	90.67	7.79	5.22	4.52
Planned asset	-	-	-	-	-
(Surplus) /deficit	(16.53)	(9.27)	(0.25)	(0.72)	(3.70)
Experience adjustments in plan liabilities	(16.53)	(9.27)	(0.25)	(0.72)	(3.70)
Experience adjustments in plan assets	-	-	-	-	-
<b>Compensated absences</b>					
Defined Benefit Obligation	9.34	35.22	28.66	-	-
Planned asset	-	-	-	-	-
(Surplus) / deficit	(20.60)	(6.22)	-	-	-
Experience adjustments in plan liabilities	(20.60)	(6.22)	-	-	-
Experience adjustments in plan assets	-	-	-	-	-

**A) Employee Stock Options Scheme:**

Particulars	
Number of Options to be Vested	60,00,000 (60,00,000)
Number of Options vested till 31.3.2013	55,88,500(55,88,500)
Method of Accounting	Intrinsic Value
Vesting Plan	Graded vesting over 12 year period from the date of grant.
Exercise Period	12 years from the date of grant.
Grant Date	17th August 2007
Grant Price (Rs. Per Share)	Re. 1/- per Share
Market Price on the Date of Grant of Option (Rs.)	Nil(Rs.4.13)
Exercise Price of the Option (Rs.)	Re.1/- (Re.1/-)
Expected life of Option	12 years

**B) Movement of Options Granted:**

Particulars	Current Year(Previous Year)
Options Outstanding at the beginning of the year.	16,78,334 (60,00,000)
Vested during the year	Nil (Nil)
Excised during the year	Nil(7,47,416)
Lapsed during the year	Nil (Nil)
Allotted during the year	7,47,416(Nil)
Options Outstanding at the end of the year	9,30,918(16,78,334)
Options Unvested at the end of the year	4,11,500 (4,11,500)
Options Exercisable at the end of the year	Nil (Nil)

## Annual Report 2012-13

### C) Fair Value of Option:

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Current Year(Previous Year)
Risk Free interest rate	8.25%(8.25%)
Expected Life	12 Years (12 Years)
Expected Volatility	30.40% (30.40%)
Expected Dividend Yield	14.18% (14.18%)
Exercise Price	Re.1/- per share (Re.1/- per share)
Fair Value of Vested	Rs. 4.31 (Rs. 4.31)

Had the compensation cost for the stock options granted under ESOP-2008 been determined, based on fair-value approach, the Company's Net Profit and Earnings Per Share would have been as per the Performa amounts indicated below.

Particulars	As at 31.03.2013	As at 31.03.2012
Net Profit (As reported)	(4,285.54)	1143.71
Add: Compensation Expenses under ESOP included in the Net Profit	Nil	33.29
Less: Compensation Expenses under ESOP as per Fair Value	Nil	10.48
Net Profit (Fair Value Basis)	(4,285.54)	1166.52
Basic Earnings Per Share (As Reported) – Rs./Share	(0.53)	0.14
Basic Earnings Per Share (Fair Value Basis) – Rs./Share	(0.53)	0.14
Diluted Earnings Per Share (As Reported) – Rs./Share	(0.53)	0.13
Diluted Earnings Per Share (Fair Value Basis) – Rs./Share	(0.53)	0.13

\*The diluted EPS on the FCCB has not been considered due to pending approval of RBI (also refer Note 2.3B)

### 3.10 Earnings Per Share

In accordance with the Accounting Standard (AS- 20) on "Earnings per Share", computation of Basic and Diluted Earnings Per Share is as under:

Particulars	31.03.2013	31.03.2012
a) Net Profit for Basic Earnings Per Share as per Profit and Loss A/c	(4,285.53)	1,143.71
b) Weighted average number of equity shares for Earnings Per Share computation:		
(I) Number of Equity Shares at the beginning of the year	808,979,232.00	805,507,010.00
(ii) Number of Shares allotted during the year	747,416.00	3,472,222.00
(iii) Weighted average shares allotted during the year	655,268.82	1,322,298.00
(iv) Number of potential equity shares*	-	82,936,415.00
(v) Weighted Average for:		
- Basic Earnings Per Share	809,634,500.82	806,829,308.00
- Diluted Earnings Per Share	809,634,500.82	88,97,65,723
c) Earnings Per Share – Before Extra-ordinary Items		
- Basic (Rs.)	(0.53)	0.14
- Diluted (Rs.)	(0.53)	0.13
d) Earnings Per Share – After Extra-ordinary Items		
- Basic (Rs.)	(0.53)	0.14
- Diluted (Rs.)	(0.53)	0.13
d) Face Value Per Share	Re 1/-	Re 1/-

### 3. 11 Related Party Transactions

A) As per Accounting Standard-18 (AS-18)- 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
Anita Karuturi	--Do--
Anita Realty Private Limited	KMP interested company.
Rhea Holding Limited	--Do--
Horticulture Synergies	KMP Interested Firm
Karuturi Telecom Pvt Ltd	Wholly Owned Subsidiary. Cease to exist from 31st March 2013.
Karuturi Foods Pvt. Ltd.,	Wholly Owned Subsidiary.
Karuturi Floritech Pvt. Ltd.,	--Do--
Karuturi Overseas Limited	--Do--
Florista India Private Limited	Subsidiary with effect from 26.11.2011.
Karuturi Flower Express Pvt. Ltd.,	Step down Subsidiary
Ethiopia Meadows Plc	--Do--
Flower Xpress FZE	--Do--
Yashoda 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--
Premier Tobacco Packers Pvt. Ltd.	KMP interested company.
Nagesh Karuturi	Relative of KMP
Anil Tumu	Relative of KMP

(KMP = Key Management Person).

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

#### KMP

Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Sai Ramakrishna	2012-13	(626.73)	389.10	734.53	(281.31)
	2011-12	(3.09)	854.80	231.16	(626.73)
Anitha Karuturi	2012-13	(752.84)	1725.16	457.89	(2020.11)
	2011-12	(5.98)	1,058.53	311.67	(752.84)

#### Relative of KMP

Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Nagesh Karuturi	2012-13	8.08	8.23	0.14	-
	2011-12	5.00	-	3.07	8.08
Anil Tumu	2012-13	(40.83)	-	-	(40.83)
	2011-12	(78.33)	-	37.50	(40.83)

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Name	Year	Sale	Lease Rental Income	Expenses/ (Income)	Loan Taken	Loan Paid	Closing
Rhea Holding Private Limited	2012-13	-	-	103.61	500.00	97.64	505.97
	2011-12	-	-	14.65	200.00	214.65	-
Anitha Reality Private Limited	2012-13	-	-	-	7.20	-	7.20
	2011-12	-	-	-	-	-	-

### KMP Interested Firm

Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Horticulture Synergies	2012-13	36.79	0.00	0.00	36.79
	2011-12	299.79	36.79	299.79	36.79

### KMP Interested company

Name	Year	Sale	Lease Rental Income	Expenses/ (Income)	Loan Taken	Loan Repaid	Closing
Premier Tobacco Packers Private Limited	2012-13	-	-	103.61	500.00	97.64	505.97
	2011-12	-	-	14.65	200.00	214.65	-

### Subsidiaries/Step-subidiaries

Name	Year	Sale	Lease Rental Income	Expenses/ (Income)	Loan Taken	Loan Repaid	Closing
Karuturi Telecom Pvt. Ltd,	2012-13	-	-	-	113.55	42.17	0.00
	2011-12	-	-	-	208.96	98.26	71.38
Karuturi Foods Pvt. Ltd,	2012-13	-	3.00	-	405.01	719.53	922.42
	2011-12	-	3.00	-	935.70	924.93	604.90
Karuturi Floritech Pvt. Ltd,	2012-13	0.98	-	8.51	0.10	-	(12.44)
	2011-12	-	-	-	1.62	2.79	(4.81)
Karuturi Overseas Ltd, (Flower Xpress FZE)	2012-13	103.27	-	161.78	285.63	-	55.56
	2011-12	-	-	55.06	-	6.58	76.14
Ethiopia Meadows Plc	2012-13	1.16	-	47.19	-	-	(698.19)
	2011-12	-	10.00	679.70	1,206.33	863.54	(746.53)
Karuturi Agro Product Plc	2012-13	177.14	-	0.85	-	-	(563.84)
	2011-12	-	-	107.17	3,455.93	-	(1,480.64)
Surya Blossoms Plc	2012-13	62.76	-	-	2,313.66	-	386.76
	2011-12	-	-	-	576.01	-	(268.54)
Karuturi Flower Express Pvt. Ltd,	2012-13	-	-	(0.64)	-	-	44.61
	2011-12	-	-	-	18.76	13.71	45.25
Florista India Pvt. Ltd,	2012-13	2.89	-	(0.04)	-	-	2.84
	2011-12	-	-	25.38	27.93	-	-

### 3.12 Disclosure on Foreign currency exposures:

- a) Forward contracts entered into by the Company and outstanding as at 31st March, 2013 amount to \$464,600 and in Rs 252.69 Lakh (Previous Year: \$1,999,980 and in Rs. 1,023.12 Lakh).

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 2013 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	31.03.2013		31.03.2012	
		Rs.(In Lakh)	Foreign Currency	Rs.(In Lakh)	Foreign Currency
Trade Receivable	USD	45.63	83,896.57	106.95	61,775.65
Trade Receivable	AUS \$	1.02	1,800.00	0.98	2,362.48
Trade Receivable	Euro €	26.02	37,416.00	106.59	155,949.50
Related party Receivable	USD	8,604.39	15,819,999.12	13,007.59	25,394,368.28
Related party Payable	USD	(825.04)	(1,516,925.16)	(1,431.58)	(2,798,238.78)
Related party Payable	Euro €	45.03	64,747.30	-	-
FCCB Redeemable	USD	13,441.92	24,714,278.75	19,951.04	39,000,000.00

### 3.13 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. 208.87 (PY- Rs. 208.87), accumulated depreciation Rs. Nil (PY- Nil) and net block of Rs. 208.87 (Rs. 208.87)
- Depreciation recognized during the year against assets given on lease is. Nil (Rs. 15.64).
- The lease rental income for the year is Rs. 3.00 (Rs. 13.00).

**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 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Not later than one year	49.06	123.98	43.17	112.82
Later than one year and not later than five years	6.39	1,480.11	5.63	1,370.59
<b>Total</b>	<b>55.45</b>	<b>1,604.09</b>	<b>48.79</b>	<b>1,483.41</b>
Less: Finance charge	6.66	120.68		
<b>Present Value of Minimum Lease payments</b>	<b>48.79</b>	<b>1,483.41</b>		
Disclosed under:				
Long Term Borrowings (Refer Note:-2.3)			6.39	1,480.11
Other Current Liabilities (2.5)			49.06	123.98
<b>Total</b>	<b>-</b>	<b>-</b>	<b>55.45</b>	<b>1,604.09</b>

## Annual Report 2012-13

3.14 Previous year's figures have not been audited by the current year auditor.

3.15 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 Haribhakti & Co.

Chartered Accountants  
Firm Regn. No.103523W

For and behalf of the Board

#### Sunil Birla

Partner  
M No. 202226

#### Sai Ramakrishna Karuturi

Managing Director

#### Anitha Karuturi

Whole time Director

#### Nagesh Babu KL

Company Secretary  
M No. 23325

Place: Bangalore

Date: 7th June 2013

# Independent Auditor's Report

## To The Board of Directors of Karuturi Global Limited

### Report on Consolidated Financial Statements of Karuturi Global Limited

We have audited the accompanying consolidated financial statements of Karuturi Global Limited ("the Company") and its Subsidiaries (collectively referred to as "the group"), Which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21) on Consolidated Financial Statements.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 control relevant to the Group's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 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 the reports of the other auditors on the financial statements of the subsidiaries, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of matter

We draw attention to note no. 2.3 B, w.r.t. foreign currency convertible bonds, wherein approval from Reserve Bank of India is pending. Based on such approvals / non-approvals, there can be several outcomes.

We draw attention to note no. 2.3 C with regard to Provisions of Sec 58 A of the Companies Act, 1956.

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## Other matters

We did not audit the financial statements of 16 subsidiaries mentioned in Annexure to this report, whose financial statements reflect total assets (net) of Rs. 472,265.83 lakhs as at 31st March, 2013, total net revenues of Rs. 62,365.55 lakhs and net cash outflows amounting to Rs. 1,851.68 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us for the purpose of consolidation and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of such other auditors.

We have relied on the unaudited financial statements of 1 subsidiary, whose financial statement reflect total assets (net) of Rs.329.66 lakhs as at 31st March 2013, total net revenues of Rs. 493.85 lakhs and net cash outflows amounting to Rs.1.15 lakhs for the year then ended. These unaudited financial statements as approved by the respective Board of directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiary is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of emphasis of matter and other matters.

## For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W

## Sunil Birla

Partner

Membership No. 202226

Place: Bangalore

Date: 7th June 2013

## Annexure to the Independent Auditors Report

(Referred to in our report of even date)

The following subsidiaries have been considered for the consolidation of Karuturi Global Limited for the accounting period 1st April 2012 to 31st March 2013:

(Rs. in lakhs)				
Name of the Company	Total Assets	Total Revenues	Total cash flows	Name of Auditor
Karuturi Overseas Limited	2,70,156.76	31,228.59	(1,745.72)	M & M al menhali auditing
Karuturi Foods Pvt Ltd	3,545.69	1,983.94	8.73	Ishwar and gopal
Karuturi Floritech Pvt Ltd	501.40	10.03	0.02	Ishwar and gopal
Florista India Pvt Ltd	184.02	242.06	(5.14)	S.S.Rane Private Limited
Karuturi Flower express Pvt Ltd	30.42	0.34	Nil	Ishwar and gopal
Ethiopian Meadows Plc	43,312.15	1,700.33	(38.13)	HST
Flower Xpress FZE	74,309.33	16,382.37	(4.91)	M & M al menhali auditing
Surya Blossoms PLC	16,879.40	855.06	(1.28)	Tibebe Mengistu & co.
Karuturi Agro Products Plc	27,724.46	3,058.39	(4.12)	Tibebe Mengistu & co.
Shiva Pack Plc	265.60	110.40	(0.15)	Tibebe Mengistu & co.
Surya Holdings Ltd	1,498.36	35.39	(0.28)	Gad Wekesa & associates
Rhea Holdings Ltd	1,069.34	49.76	0.01	Gad Wekesa & associates
Yeshoda Investments Ltd	1,995.60	-	(0.16)	Gad Wekesa & associates
Karuturi Sports Ltd	6.53	83.27	3.37	Gad Wekesa & associates
Karuturi Limited	30,749.38	6,464.08	(60.35)	Gad Wekesa & associates
Karuturi Hospitals Limited	37.39	161.52	(3.57)	Gad Wekesa & associates
<b>Total</b>	<b>4,72,265.83</b>	<b>62,365.55</b>	<b>(1,851.68)</b>	

\*Total assets, revenues and Cash flows are computed at closing conversion rate and average conversion rate respectively.

# Annual Report 2012-13

## Consolidated Balance Sheet as at 31st March 2013

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	31.03.2013	31.03.2012
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	8,097.26	8,089.79
Reserves and Surplus	2.2	155,329.18	140,333.76
Share application money pending allotment		-	2.98
<b>Minority Interest</b>		22.80	22.66
<b>Non-Current Liabilities</b>			
Long-term borrowings	2.3	33,279.14	6,478.42
Deferred Tax Liabilities	2.4	2,387.86	74.51
Other Long Term Liabilities	2.5	2,170.58	2,130.91
Long Term Provisions	2.6	51.55	43.69
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	44,446.45	41,289.83
Trade Payables	2.8	9,127.06	9,819.68
Other Current Liabilities	2.9	9,764.19	24,527.30
Short Term Provisions	2.10	211.70	8,032.60
<b>Total</b>		<b>264,887.77</b>	<b>240,846.13</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed Assets			
- Tangible Assets	2.11	215,224.43	186,446.37
- Intangible Assets	2.11	2,975.69	3,830.77
- Capital Work in Progress	2.11	9,269.77	16,916.46
Non Current Investments	2.12	194.25	219.43
Deferred Tax Assets	2.4	791.73	-
Foreign currency Monetary Translation Reserve			
Long Term Loans and Advances	2.13	1,705.97	1,456.32
Other Non Current Assets	2.14	31.43	53.53
<b>Current Assets</b>			
Inventories	2.15	3,227.70	3,464.32
Trade Receivables	2.16	9,667.78	12,892.70
Cash and Bank Balances	2.17	2,058.37	3,616.31
Short Term Loan and Advances	2.18	18,526.04	11,164.61
Other Current Assets	2.19	1,214.61	785.31
<b>Total</b>		<b>264,887.77</b>	<b>240,846.13</b>

Significant Accounting Policies and Other Notes

Forming Integral part of Financials 1&3  
Contingent Liabilities and Capital Commitments 3.10

As Per our Report of even date attached

**For Haribhakti & Co.**

Chartered Accountants  
Firm Regn. No.103523W

For and on behalf of Board

**Sunil Birla**  
Partner  
M. No.202226  
(Firm Regn. No. 01154S)

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Director

**Nagesh Babu K L**  
Company Secretary  
M. No. 23325

Place : Bangalore  
Date : 7th June 2013

Place : Bangalore  
Date : 7th June 2013

## Consolidated Statement of Profit and loss account for the year ended 31.03.2013

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending 31.03.2013	Year Ending 31.03.2012
Revenue from Operations	2.20	55,986.10	56,314.26
Other Income	2.21	794.09	2,611.62
<b>Total Revenue</b>		<b>56,780.19</b>	<b>58,925.88</b>
<b>Expenses</b>			
Cost of Materials Consumed	2.22	32,187.69	30,717.26
Purchase of Stock-in Trade	2.23	444.00	141.04
Increase/ Decrease in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade	2.24	657.67	(355.01)
Employee Benefits Expense	2.25	1,240.31	3,993.83
Finance Costs	2.26	3,491.29	1,257.89
Depreciation and Amortisation Expenses	2.11	3,296.08	3,867.98
Other Expenses	2.27	4,181.12	5,496.02
<b>Total expenses</b>		<b>45,498.16</b>	<b>45,119.01</b>
Profit / (Loss) Before Exceptional and Extraordinary Items and Tax		11,282.03	13,806.87
Exceptional Items*	2.28	-	(4,469.16)
<b>Profit / (Loss) Before Extraordinary Items and Tax</b>		<b>11,282.03</b>	<b>18,276.03</b>
Extraordinary Items*	2.29	-	3,906.68
<b>Profit / (Loss) Before tax</b>		<b>11,282.03</b>	<b>14,369.35</b>
<b>Tax expense</b>			
Current Tax		4.74	139.62
Deferred Tax Charge / (Credit)		(1,021.88)	(17.08)
Deferred Tax for Previous Year		(3,158.13)	-
<b>Profit / (Loss) After Tax</b>		<b>15,457.30</b>	<b>14,246.81</b>
<b>Prior Period Expenses / (Income)</b>	<b>2.30</b>	<b>4,643.58</b>	<b>(1,381.86)</b>
<b>Transfer to Minority Interest</b>		<b>(0.15)</b>	<b>3.68</b>
<b>Profit / (Loss) for the Year from continuing operations</b>		<b>10,813.57</b>	<b>15,632.35</b>
<b>Earning per Equity Share (Face value of shares Re. 1/(PY Re 1/-) Before extraordinary loss</b>			
Basic		1.34	2.42
Diluted		1.34	2.20
<b>Earning per Equity Share (Face value of shares Re. 1/(PY Re 1/-) After extraordinary loss</b>			
Basic		1.34	1.94
Diluted		1.34	1.76

Significant Accounting Policies and Other Notes

Forming Integral part of Financials

1&3

As Per our Report of even date attached

**For Haribhakti & Co.**

Chartered Accountants

Firm Regn. No.103523W

For and on behalf of Board

**Sunil Birla**

Partner

M. No.202226

(Firm Regn. No. 01154S)

Place : Bangalore

Date : 7th June 2013

**Sai Ramakrishna Karuturi**

Managing Director

**Anitha Karuturi**

Director

**Nagesh Babu K L**

Company Secretary

M. No. 23325

Place : Bangalore

Date : 7th June 2013

# Annual Report 2012-13

## Cash Flow Statement For The Year Ended 31st March 2013.

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	31.03.2013	31.03.2012
<b>A. Cash Flows from Operating Activities</b>		
Profit before tax but after prior period items	6,638.45	15,751.17
Less: Exceptional Items-Being withdrawal of Depreciation	-	(4,469.16)
Add: Extraordinary Items	-	3,906.68
Net Cash Adjustment to reconcile profit before tax to net cash Flows	6,638.45	15,188.69
Depreciation on tangible assets	2,553.33	3,292.04
Amortisation of Goodwill	742.75	575.94
Creditors written back	(26.89)	-
Exchange gain	(86.50)	-
Exchange loss included in finance cost	32.52	-
Loss/(Profit) on sale of Tangible Assets	334.04	11.74
Provision for doubtful debts	155.40	-
Bad debts	98.99	-
Effect of exchange fluctuation on foreign currency translation reserve	5,017.88	-
Interest expense	3,458.77	1,257.89
Interest Income	(85.10)	(250.76)
Dividend Income	(5.16)	(7.16)
Profit on sale of investments	(112.33)	-
Profit on Disposal of Subsidiary	(120.23)	-
Prior Period Expenses	4,643.58	5,495.98
<b>Operating Profit Before Working Capital Changes</b>	<b>23,239.50</b>	<b>25,564.37</b>
Movement In working Capital :		
Increase/(Decrease) in Liabilities	3,706.60	5,239.50
(Increase)/Decrease in Trade Receivables	2,970.53	523.68
(Increase)/Decrease in Inventories	236.62	(4,567.56)
(Increase)/Decrease in Other Current Assets	(8,812.25)	7,009.27
Cash Generated from/(used in operations)	21,340.99	33,769.25
Direct Taxes Paid (Net of refunds)	-	(146.36)
Net Cash Flow from(used in ) Operating Activities Before Extraordinary Items	21,340.99	33,915.61
Less: Extraordinary Items	-	3,906.68
<b>B. Net Cash Flow From Operating Activities</b>	<b>21,340.99</b>	<b>30,008.93</b>
Cash Flows from Investing Activities		
"Purchase of Fixed Assets Including intangible asset, CWIP and Capital Advances"	(26,890.71)	(60,772.09)
Proceeds of Insurance from loss of asset	733.33	-
Proceeds from sale of Fixed Asset	2,250.97	4,672.01
Proceeds of Non Current Investment	137.51	60.98
Interest Received	86.60	250.76
Dividend Received	5.16	7.16
<b>C. Net Cash flow from(used in) Investing Activities (B)</b>	<b>(23,677.14)</b>	<b>(55,781.18)</b>
Cash Flows from Financing Activities		
Proceeds from Issuance of Share Capital	7.46	34.72
Share application money	(2.98)	-
Share Issue Expenses	-	100.19
Proceeds from Issuance of Share Options	(17.25)	36.27
Proceeds from Securities Premium	(939.07)	715.28
Increase / Decrease in Borrowings	5,183.07	8710.69
Interest Paid	(3,452.77)	(1,257.89)
Dividend Paid	-	(936.18)
<b>Net Cash flow from/(used in ) Financing Activities (C)</b>	<b>778.46</b>	<b>7,403.08</b>
<b>Net Increase/(decrease) in Cash and Cash equivalents during the year (A+B+C)</b>	<b>(1,557.68)</b>	<b>(18,369.17)</b>
Cash and Cash Equivalents at the beginning of the year	3,579.56	21,948.72
Cash and Cash Equivalents at the end of the Year	2,021.88	3,579.56
<b>Net Increase/(decrease) in Cash and Cash equivalents during the year</b>	<b>(1,557.68)</b>	<b>(18,369.16)</b>
Significant Accounting Policies and Other Notes Forming Integral part of Financials 1 & 3		
<b>2.17: Cash and Bank Balances</b>		
-	<b>31.03.2013</b>	<b>31.03.2012</b>
Cash and cash equivalents		
Cash on hand	42.72	47.93
Balances in current account	96.72	137.88
<b>Other Bank Balances</b>		
Deposits with maturity more than 3 months but less than 12 months	1,011.28	3,390.90
Deposits with maturity more than 3 months but less than 12 months	871.16	2.85
<b>Total</b>	<b>2,021.88</b>	<b>3,579.56</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 Haribhakti & Co.**  
Chartered Accountants  
Firm Regn. No.103523W

**Sunil Birla**  
Partner  
M. No.202226  
(Firm Regn. No. 01154S)  
Place : Bangalore  
Date : 7th June 2013

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Director

**Nagesh Babu K L**  
Company Secretary  
M. No. 23325

For and on behalf of Board

Place : Bangalore  
Date : 7th June 2013

## NOTES TO ACCOUNTS:

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

#### 1.1 Principles of consolidation

- a) 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 Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) 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.
- c) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill is amortized in phased manner based on impairment test. During the year under review Rs. 742.75 Lakhs is amortized (Previous year Rs 575.94 Lakhs).
- d) 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.
- e) Minority interest share of net profit of consolidated subsidiaries for the year 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.
- f) Minority interest share of net asset of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of Company share holders.
- g) 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.
- h) The enterprises considered in the consolidated financial statement are:

Name of Enterprises	Country of Incorporation	Voting power held as at 31st March 2013	Voting power held as at 31st March 2012 by the holding company
Karuturi Telecom Pvt Limited*	India	0.00%	100%
Karuturi Foods Pvt Limited	India	100%	100%
Florista India Pvt Limited	India	52.99%	52.99%
Karuturi Floritech Pvt Limited	India	100%	100%
Karuturi Overseas Ltd., (Consolidated)	UAE	100%	100%

\*Ceases to exist with effect from 31st March 2013

## Annual Report 2012-13

- l) Subsidiaries and step down subsidiaries of Karuturi Overseas Limited, a 100% subsidiary of the Company as on 31st March 2013 are:

Name of Enterprises	Country of Incorporation	Name of the Holding Company	Voting power held as at 31st March 2013
Flower Xpress FZE	UAE	Karuturi Overseas Limited.,	100%
Ethiopia 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	Ethiopia Meadows PLC	100%
Surya Blossoms PLC	Ethiopia	Ethiopia Meadows PLC	100%
Shiva Packs PLC	Ethiopia	Ethiopia Meadows PLC	95%

- j) Karuturi Flower Express Private Limited is a 100% subsidiary of Florista India Private Limited.
- k) The following step down subsidiaries are not considered for consolidation as there are no assets is held /liabilities payable by these Companies and no transactions are carried out.
- (l) Gambella Green Valley (Subsidiary of Ethiopian Meadows Plc)
  - (ii) Karuturi Greens and Marketing Private Limited (Subsidiary of Karuturi Foods P.Ltd)
  - (iii) Karuturi Vegproducts Private Lintied (Subsidiary of Karuturi Foods Pvt Ltd)
  - (iv) Karuturi Farm Fresh Products Private Limited (Subsidiary of Karuturi Foods P. Ltd)
- l) The ISP business being carried on under Karuturi Telecom Private Limited (KTPL) was stable with the said Company growing its capacity by about 20% in terms of delivery of Bandwidth and VOIP minutes. The Company saw pressure on the margins due to fall in prices. The Company has acquired some new customers in various geographies and also continues to grow its business with its existing key customers. Stable growth is expected in the current year. The ISP is not a core business function; hence it is divested in March 2013.

**The details of disposal of the subsidiary are furnished here below:**

	As at date of disposal	As at 31st March 2012
Cash and Cash Equivalents	18.63	19.74
Trade Receivables	102.89	124.81
Other Receivable & Prepayments	457.48	453.92
Fixed Assets	116.63	107.33
Overdrafts & Loans	(197.16)	(290.87)
Trade Payables, Other Payables, accrued Liabilities & provisions	(250.81)	(145.56)
Net Assets	247.66	269.38
Net Assets Disposed	247.66	-
Gain on disposal(accounted as	112.33	-
Total Consideration	360.00	-
To be Satisfy by		
Cash consideration	360.00	-
Cash Disposed off	18.63	-
Net Cash Inflow	341.36	-

## 1.2 Basis of Accounting

The consolidated financial statements relate to Karuturi Global Ltd ('the Company') and its wholly owned subsidiaries together refer to as 'Karuturi Group' or 'Group'. The Financial Statements of the group are prepared under historical cost convention, except for the revaluation of certain fixed assets, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act'). The Accounting policies have been consistently applied, and the accounting policies not referred to otherwise, are in conformity with the Indian Generally Accepted Accounting Principles ('Indian GAAP').

The accounts of Indian subsidiaries have been prepared in compliance with the Accounting Standard as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act') and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable accounting standards. Necessary adjustments for differences in accounting policies, wherever applicable, have been made in the consolidated financial statements.

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.

## 1.3 Use of Estimates

The preparation of the financial statements are in conformity with the Indian GAAP which requires the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

## 1.4 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.

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.

Revenue from Internet Service Provision (ISP) is recognized in the year on time proportionate basis of invoicing.

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 Tangible and Intangible Assets

Tangible Assets are stated at actual cost less accumulated depreciation and impairment if any. The actual cost includes acquisition cost, taxes, duties, wherever applicable, and all other expenses directly attributable for putting the asset into its intended use.

The cost and accumulated depreciation of tangible assets sold are removed from the stated values and the resultant Profit/Loss has been included in Statement of Profit & Loss.

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.

Intangible Assets are stated at actual cost less accumulated depreciation. The actual cost includes acquisition cost, taxes, duties, wherever applicable, and all other expenses directly attributable for putting the asset into its intended use.

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## 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 on fixed assets has been provided on "Straight line method at the rates prescribed in Schedule XIV to the Companies Act 1956. 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. Assets purchased/Installed during the year costing less than Rs.5000/- each are fully depreciated.
- b) 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 (Refer note 3.7)

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.

## 1.10 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

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, except for one subsidiary in which the inventory is valued using Weighted Average method. However as a reason of this, there is no material impact on the value of the inventory. Agricultural products are valued at net releasable value basis.

### 1.12 Employee Benefits

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

#### Defined Contribution Plan:

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

#### Defined Benefit Plan:

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

#### Other Long term Benefits:

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

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

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

### 1.13 Employee Stock Options

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

### 1.14 Earnings Per Share

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

### 1.15 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.

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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 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 recognised 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.

### 1.16 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 recognized in terms of Accounting Standard – 29: “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.

### 1.19 Leases

#### Operating Lease:

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

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

#### Finance lease:

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

### 1.20 Segment Reporting

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".

**Note: 2.1**  
**SHARE CAPITAL**

Particulars	31.03.2013		31.03.2012	
	Numbers of Shares	Amount	Numbers of Shares	Amount
Authorised Capital Equity shares of Re.1/- each	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
Subscribed, Issued and Paid Up: Equity shares of Re.1/- each fully paid up	80,97,26,648	8,097.27	80,89,79,232	8,089.79
	809,726,648	8,097.27	80,89,79,232	8,089.79

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

Particulars	31.03.2013		31.03.2012	
	No. of Shares	Amount	No. of Shares	Amount
Number of Equity Shares outstanding at the beginning of the year	808,979,232	8,089.79	805,507,010	8,055.07
Number of Equity Shares Issued during the year				
On Preferential Allotment	-	-	3,472,222	34.72
Allotted against ESOP entitlement	747,416	7.47	-	-
Number of Equity Shares outstanding at the end of the year	809,726,648	8,097.27	808,979,232	8,089.79

**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	31.03.2013		31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
K S Ramakrishna*	68,820,880	8.50%	68,820,880	8.51%
Simply Class Fashions Private Limited*	50,505,653	6.24%	68,000,000	8.41%
India Focus Cardinal Fund	48,729,013	6.02%	66,143,000	8.18%
Elera India Oppertunities Fund ltd	61,057,000	7.54%	61,057,000	7.55%
Emerging India Focus Funds	43,959,886	5.43%	55,925,582	6.91%
Rays Global Corporation	41,000,000	5.06%	41,000,000	5.07%
Maxworth Investment Ltd	41,000,000	5.06%	41,000,000	5.07%

\*Of the above 3,31,95,090 shares held by K S Ramakrishna have been pledged with DMI Finance Private limited and 1,07,00,000 shares held by Simply Class Fashions Pvt Limited have been pledged with Dhanalaxmi Cotex Limited and DMI Finance Private Limited (55,00,000 and 52,00,000 respectively) for the reasons of borrowing money.

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## 2.2 RESERVE AND SURPLUS

Particulars	31.03.2013	31.03.2012
<b>Capital Reserve</b>		
Opening Balance	553.08	553.08
Add: Amount Transferred	-	-
Closing Balance	<b>553.08</b>	<b>553.08</b>
<b>Securities Premium Account</b>		
Opening Balance	70,876.12	77,857.96
Add: Received During the year	-	715.28
Add: Credit on account of reversal of GDR issue expenses	-	100.19
Less: FCCB redemption premium pro rata upto 31st March, 2013 (Net of taxes)	939.08	7,797.31
Closing Balance	<b>69,937.04</b>	<b>70,876.12</b>
<b>Share Options Outstanding Account</b>		
Opening Balance	33.29	
Add: Amount Transferred during the years	-	52.53
Less: Deffered ESOP outstanding account	12.98	19.24
Less: Deffered ESOP outstanding written back	4.16	
Closing Balance	<b>16.15</b>	<b>33.29</b>
<b>Revaluation Reserve</b>		
Opening Balance	4,765.83	1,802.56
Add: Amount credited during the year	-	2,963.27
Closing Balance	<b>4,765.83</b>	<b>4,765.83</b>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	(5,954.96)	(10,777.82)
Add: Amount transferred during the year	5,017.88	4,822.86
Closing Balance	<b>(937.08)</b>	<b>(5,954.96)</b>
<b>General Reserve</b>		
Opening Balance	787.59	787.59
Add: Amount transferred from statement of profit and loss account	-	-
Closing Balance	<b>787.59</b>	<b>787.59</b>
<b>Legal Reserve</b>		
Opening Balance	17.79	
Add: Transferred from Profit and Loss Account	-	17.79
Closing Balance	<b>17.79</b>	<b>17.79</b>
<b>Surplus / (deficit) balance in the statement of profit and loss</b>		
Opening Balance	69,255.04	53,640.47
Add: Profit for the year	10,813.56	15,632.36
Add: Profit on disposal of subsidiary*	120.23	
Less: Transfer to Other reserve		17.79
Closing Balance	<b>80,188.77</b>	<b>69,255.04</b>
<b>Total</b>	<b>155,329.17</b>	<b>140,333.78</b>

\*During the year the Company has disposed Karuturi Telecom Pvt Ltd, accordingly the profit and loss account has been consolidated for a full year and the Consolidation of Balance Sheet has been routed through reserves.

## 2.3 Long Term Borrowings

	31.03.2013		31.03.2012	
	Non Current	Current	Non-Current	Current
<b>A. Secured Loans</b>				
1) From bank				
Finance lease obligation(Refer note 2.3A)	8.76	54.33	1,480.11	123.98
Term loan	958.74	355.46	1,362.55	32.24
2) From others				
NHB Soft Loan(Refer note 2.3A)	-	166.59	-	125.04
<b>B. Unsecured</b>				
1) From others				
Foreign Currency Convertible Bonds (FCCB) (Refer note 2.3B)	28,017.05	2,688.38	-	19,952.40
Loans and advance from related parties (Refer note 2.3C)	4,292.01	-	3,635.74	-
Others	2.58			
<b>Total</b>	<b>33,279.14</b>	<b>3,264.76</b>	<b>6,478.41</b>	<b>20,233.66</b>
Less: Current maturities of long term debt disclosed under other current liabilities. (Refer Note 2.9)	-	3,264.76	-	20,233.66
<b>Net Long term Borrowings</b>	<b>33,279.14</b>	<b>0.00</b>	<b>6,478.41</b>	<b>(0.00)</b>

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### 2.3 A) Details of Secured Term Loan

Sl. No	Name of Bank/Financial Institution	Details of Security	Amount of outstanding		Repayment terms
	Term Loan-Secured		<i>INR in Lakhs</i>		
1	Zemen Bank, Ethiopia	Charges on Movable and Immovable assets of Ethiopia Meadows Plc	1,271.13	1,354.91	Monthly Rs. 18.63 lakhs payable, ending on May 2013
2	Dhanalakshmi Bank	Hypothecation of Vehicle	7.64	7.64	Monthly Rs. 0.16 lakhs repayable ending May 2017
3	Kotak Mahindra Prime Limited	Hypothecation of Vehicle	55.45	-	Loan amounting to 100.00 Lakhs repayable in 24 monthly instalments beginning from 19 June 2012 along with interest of 20.21%
4	Apna Sahakari Bank	Residential Flat of Mr. Sameer Dalvi ( Director)	6.43	-	Monthly Rs. 0.19 lakhs payable and ending on April 2014
5	National Horticulture Board, Bangalore	Equitable Mortgage Leasehold Land, Bldg, Plant & Machinery at Doddababllapur	166.59	125.03	To be set off against deposits made by the Company grouped under Short Term Loans and Advances
6	ICICI Bank Ltd, Bangalore	Charges on Fixed Assets Karuturi Foods Pvt. Ltd.,	36.63	32.24	Quarterly 15 lakhs payable ,ending 15/10/2012
7	ICICI Bank Ltd, Bangalore	Equitable Mortgage of office premises at 10th Floor Raheja Tower, M.G. Road, Bangalore	-	1,516.04	Quarterly 67 lakhs payable , ending on 10/02/2021
8	Dhanlaxmi Bank, Bangalore	Hypothecation of Vehicle	-	40.82	Quarterly 3 lakhs payable, ending on 15/03/2016
9	HDFC Bank, Bangalore	.....do.....	-	0.22	Quarterly 0.22 lakhs payable , ending on 06/06/2012
10	ICICI Bank Ltd, Bangalore	.....do.....	-	31.03	Quarterly 6 lakhs payable , ending on 01/08/2013
11	ICICI Bank Ltd, Bangalore	.....do.....	-	15.97	Quarterly 2lakhs payable , ending on 15/06/2014
	Total		1,543.88	3,123.92	

## B Foreign Currency Converting Bonds

Particulars	
Issue Currency	USD
Issue Size	500 Lakhs
Issue Date	12th Oct 2007
Maturity Date*	19th Oct 2012
Coupon Rate	Zero Coupon
Yield to maturity-compounded semi annually	7.00%
Conversion Price post price reset.	Rs. 18.99 per Share
Fixed Exchange Rate of Conversion	Rs.39.73
Conversions as at 31st March 2013	\$ 110.00 Lakhs
Conversions as at 31st March 2012	\$ 110.00 Lakhs
Prorata premium on redemption provided for as on 31st March 2012	\$ 141.53 Lakhs or 7805.37 Lakhs
Prorata premium on redemption not provided for as on 31st March 2011 (Contingent liability on Probable non conversion)	\$ 123.56 Lakhs or Rs. 5,536.83 Lakhs
Mandatory Conversion Option	Yes

- Pro-rata Redemption premium upto 31.03.2013 is provided by debiting Securities Premium Account.

\*On maturity of FCCB on 19th Oct 2012, the company had applied to the bonds holders for restructuring the bonds. The bonds holders vide resolution dated 05th March 2013 approved the restructuring of FCCB on the following terms. However the same is due for approval from RBI, and hence is in default

### Redeem in a pro rata manner:

- The bonds of an accreted principal amount of US\$ 49,42,855.75 on 08 May 2013;
- The bonds of an accreted principal amount of US\$ 9,885,711.50 on 15 May 2014;
- The bonds of an accreted principal amount of US\$ 9,885,711.50 on 29 April 2015;

On or before 8 May 2013, exchange on a cashless basis, the bonds of accreted principal value of USD 30,363,256.75 plus the additional exchange amount for the new bonds. The new bonds of the company shall be issued by the company on 8 May 2013 (new bond issue date)

Additional exchange amount will be interest on US\$ 55,077,535.50 at the rate of 7% per annum from and including 19 October 2012 to, but excluding, new bond issue date.

The new bonds of the company shall be issued by the company on the new bond issue date in two tranches being tranche A(Tranche A Bonds”) and tranche B(“Tranche B Bonds”). Bonds of an accreted principal value of US\$ 15,000,000 shall be exchanged with Tranche A Bonds issued by the company on the new bond issue date and bonds of an accreted principle value of US\$ 15,363,256.75 plus the additional exchange amount shall be exchanged with Tranche B Bonds issued by the Company on the New Bond Issue Date.

In the opinion of management, there will not be any penal consequences in the event of non approval of FCCB restructuring from RBI and hence contingent liability is not disclosed.

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

Sl.No.	Name of Person/Company/Institution	Repayment Terms	Amount Outstanding	Amount Outstanding
			31.03.2013	31.03.2012
1	Term Loan Anita Karuturi*	Repayable in 2014-15	1,606.28	600.00
2	K.S. Ramakrishna Karuturi*	Repayable in 2014-15	100.00	500.00
3	Rhea Holding Pvt. Ltd.	Proposed to be converted into convertible debentures	2,585.74	2,535.74
		<b>TOTAL</b>	<b>4,292.02</b>	<b>3,635.74</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 2013 are as under:

Particulars	31.03.2013	31.03.2012
<b>Deferred Tax Liability:</b>		
Opening Balance	74.51	-
Additions during the year*	2,313.35	74.51
Deletions during the year	-	-
<b>Deferred Tax Liabilities</b>	<b>2,387.86</b>	<b>74.51</b>

Particulars	31.03.2013	31.03.2012
<b>Deferred Tax Asset:</b>		
Opening Balance	-	16.80
Additions during the year	791.73	-
Deletions during the year	-	16.80
<b>Deferred Tax Asset</b>	<b>791.73</b>	<b>-</b>

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

\*Deferred Tax Liability arising as per the Kenyan Tax Laws amounting to Rs. 2,275.42 Lakhs was not recorded previously and has been considered during the current year for the purpose of consolidation.

## 2.5 Other Long term liabilities

Particulars	31.03.2013	31.03.2012
Land Lease Payable	2,170.58	2,130.91
<b>Total</b>	<b>2,170.58</b>	<b>2,130.91</b>

## 2.6 Long Term provisions

Particulars	31.03.2013	31.03.2012
Employed Benefits		
Gratuity (Unfunded) (refer note 3.2)	49.20	36.23
Compensated absence (unfunded) (refer note 3.2)	2.36	7.46
<b>Total</b>	<b>51.55</b>	<b>43.69</b>

## 2.7 Short term borrowings

Particulars	31.03.2013	31.03.2012
<b>Secured</b>		
Working capital facilities From Bank		
Working capital facilities (refer note 2.7A)	38,895.67	39,626.13
Other short term loans (refer note 2.7A)	2,025.90	-
	40,921.57	39,626.13
<b>Unsecured</b>		
Inter Corporate Deposits - payable on demand	1,047.96	54.20
Loans and advances from related parties (refer note	2,476.92	1,609.51
	3,524.88	1,663.71
<b>Total</b>	<b>44,446.45</b>	<b>41,289.84</b>

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### 2.7 A Detail of security of short term borrowings.

Sl. No	Name of Bank/ Financial Institution	Details of Security	Amount Outstanding		Repayment Terms
			31.03.2013	31.03.2012	
1	Commercial Bank of Ethiopia	Equitable mortgage of 25000 Ha of Land & Hypothecation of vehicle at Karuturi Agro Products Plc	2,058.21	1,279.99	Repayable on Demand
2	Axis bank, Dubai	Corporate Guarantee of Karuturi Global Ltd.,	12,509.54	11,766.00	Repayable on Demand
3	Axis bank, Dubai	Corporate Guarantee of Karuturi Global Ltd.,	5,302.96	5,473.75	Repayable on Demand
4	ICICI Bank, Dubai	Personal Guarantee of Mr.Sai Ramakrishna Karuturi the promoter Residing Corporate Guarantee from Karuturi Global Limited and Ethiopia and Kenya Subsidiary Companies.	5,370.94	4,795.92	Repayable on Demand
5	ICICI Bank, Dubai	Pari Passu charge on the current assets of the respective Companies funded by the bank.	5,750.44	4,792.53	Repayable on Demand
6	Axis bank, Dubai	SBLC	-	2,284.26	Repayable on Demand
7	CFS Stanbic bank, Kenya	Charge on Fixed Assets & Current Assets of Karuturi Ltd., Kenya	2,417.07	1,884.00	Repayable on Demand
8	Bank of India	SBLC (Axis)	2,912.89	3,191.00	Repayable on Demand
9	HSBC	SBLC	-	1,534.70	Repayable on Demand
10	Axis bank Limited	Pari passu charge on the current assets.	1,194.41	1,199.24	Repayable on Demand
11	Axis bank Limited*	Secured on personal asset of director-Anitha Karuturi	2,025.90	-	Repayable on Demand
12	Dhanalaxmi bank	Secured on hypothication of vehicle	7.64	-	Repayable on Demand
13	Axis bank Limited	Pari Passu charge on the current assets of the respective Companies funded by the bank.	1,336.96	1,161.02	Repayable on Demand
14	ICICI Bank India	Pari Passu charge on the current assets of the respective Companies funded by the bank.	34.61	-	Repayable on Demand
15	Central bank of India	Corporate Guarantee of KGL and charges on Inventory and receivable on Karuturi Flower Express Pvt Ltd	-	24.99	Repayable on Demand
16	Apna Sahakari Bank	Residential Flat of Mr.Sameer Dalv (Director)	-	7.20	Repayable on Demand
17	Apna Sahakari Bank	Corporate guarantee by KGL and charges on Inventory and receivable of Florista India Pvt Ltd on Paripassu basis	-	12.99	Repayable on Demand
18	Yes Bank, India	Corporate guarantee by Karuturi Global Ltd., and charges on the current assets and movable fixed assets of Karuturi Telecom Pvt Ltd	-	216.03	Repayable on Demand
19	HDFC Bank	Hypothecation of vehicle	-	1.19	Repayable on Demand
20	ICICI Bank, India	Hypothecation of current asset of Florista India Pvt Ltd on pari passu basis	-	1.32	Repayable on Demand
	Total		40,921.57	39,626.12	

\*There is a default on repayment of Short term loan from Axis Bank of Rs. 2,025.90 Lakhs (PY – Nil) from 13<sup>th</sup> Feb 13 till date.

## 2.8 Trade payables

Particulars	31.03.2013	31.03.2012
- due to micro and small enterprises*	-	-
- others creditors **	9,127.06	9,819.68
<b>Total</b>	<b>9,127.06</b>	<b>9,819.68</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	31.03.2013	31.03.2012
Current Maturities of Long term Debt (refer note 2.3)	3,264.76	20,233.66
Interest accrued but not due	16.70	10.70
Unpaid Dividends	33.20	33.20
Statutory Remittances	357.30	131.83
Liability for Expenses	3,923.98	971.61
Advance Received From Customers	110.42	87.49
Employee benefits payable	41.45	16.84
Forward contract payable	217.56	-
Other Payables	1,798.82	3,041.97
<b>Total</b>	<b>9,764.19</b>	<b>24,527.30</b>

## 2.10 Short term provisions

Particulars	31.03.2013	31.03.2012
Employee Benefits		
Gratuity (Unfunded) (refer note 3.2)	0.70	33.91
Compensated absence (Unfunded) (refer note 3.2)	3.74	3.02
Provision for Bonus	6.62	11.99
Others		
Provision for Taxation (Net)	200.64	178.30
Provision for Redemption premium on FCCB	-	7,805.38
<b>Total</b>	<b>211.70</b>	<b>8,032.60</b>

2.11 Fixed Assets

Fixed Assets	Gross Block										Accumulated Depreciation				Net block	
	As at 1 April 2012	Additions	Other adjustments	Sale of subsidiary	Disposals	Adjustment (Foreign Currency Txn)	As at 31 March 2013	As at 1 April 2012	Depreciation change for the year	Adjustment due to impairments / reversals	Deletion	Sale of Subsidiary	Adjustment (Foreign Currency Txn)	As at 31 March 2013	As at 31 March 2012	
Land	85,022.63	16,724.46	-	-	(132.00)	13,463.29	115,078.38	1,366.39	316.19	84.55	-	-	598.98	112,712.27	83,656.24	
Plantation	27,721.75	1,716.50	(778.05)	-	-	664.08	29,324.28	625.34	-	-	-	-	31.87	28,667.07	27,096.41	
Buildings	7,363.82	0.55	-	-	(2,231.60)	174.58	5,307.35	401.61	129.32	-	(36.08)	-	13.82	4,798.68	6,962.21	
Green House	38,528.94	155.56	(2.79)	-	-	2,011.64	40,693.35	4,743.70	1,365.58	-	-	-	246.87	34,337.20	33,785.24	
Motor Vehicle	1,084.11	7.69	-	(36.47)	(84.40)	23.77	994.70	294.21	89.76	(7.68)	(13.41)	-	16.68	615.14	789.89	
Office Equipment	856.81	8.82	-	(860.92)	-	0.07	4.78	770.67	11.42	-	-	(781.33)	0.00	4.02	86.13	
Plant and Machinery	36,483.03	107.85	47.51	(17.96)	-	1,603.68	37,224.11	1,985.77	586.31	-	-	(8.67)	1,138.03	33,552.67	33,497.27	
Furniture and Fixtures	667.80	6.30	-	(9.67)	(15.99)	19.87	668.31	194.22	50.48	(6.19)	(37.64)	-	6.51	480.93	473.57	
Computers	246.55	6.66	-	-	-	7.41	260.62	193.26	30.55	(0.83)	-	-	6.88	30.76	53.29	
Others (specify nature)	48.38	1.15	-	-	-	0.87	50.40	2.28	0.49	-	-	-	1.94	45.69	46.11	
Total	197,023.82	18,735.54	(733.33)	(925.01)	(2,463.99)	17,969.24	229,606.28	10,577.46	2,550.10	69.85	(49.49)	(827.65)	2,061.58	215,224.43	186,446.37	
Previous Year	133,758.16	59,098.24	-	-	(6,459.61)	10,629.03	197,023.82	12,859.95	3,155.39	-	(6,012.13)	-	775.24	186,446.37	121,099.21	
Intangible Assets																
Goodwill	4,521.54	-	-	-	-	(123.70)	4,397.84	724.39	742.75	-	-	-	(17.91)	2,948.61	3,797.16	
Brands / Trademarks	26.93	-	-	-	-	-	26.93	2.11	0.35	-	-	-	-	24.47	24.82	
Computer Software	21.83	-	-	(15.95)	-	-	5.88	13.04	2.88	-	-	(12.65)	-	2.61	8.79	
Masterheads and Others (specify nature)																
Total	4,570.30	-	-	(15.95)	-	(123.70)	4,430.65	739.53	745.99	-	-	(12.65)	(17.91)	2,975.69	3,830.77	
Previous Year	11,298.77	171.14	-	-	(7,374.98)	475.37	4,570.30	1,351	712.59	0.50	-	-	12.93	3,830.77	11,285.26	
Intangible assets under Capital WIP	16,916.46	-	-	-	(7,646.69)	-	9,269.77	-	-	-	-	-	-	9,269.77	16,916.46	
Total Assets	218,510.58	18,735.54	(733.33)	(940.96)	(10,110.68)	17,845.54	243,306.71	11,316.99	3,296.08	69.85	(49.49)	(840.30)	2,043.68	227,469.89	207,193.60	
Previous Year	145,056.93	76,183.84	-	-	(13,834.59)	11,104.40	218,510.58	12,672.46	3,867.98	0.50	(6,012.13)	-	788.17	207,193.60	132,384.47	

1) Capital Work In Progress consists of the expenditure incurred pertaining to the agriculture project at Gambella, Ethiopia. Since the project is not yet completed and commercial production has not started yet all the pre-operational expenses pertaining to the same are included in CWIP.

2) Depreciation amounting to Rs. 1,594.06 has been capitalised since the same relates to the project not started commercial productions yet.

3) In order to apply uniform depreciation rates, the depreciation on fixed assets of foreign subsidiaries has been recomputed adopting rates prescribed under Schedule XVI of Companies Act under straight line method instead of rates as provided by the same.

4) The title in respect of leasehold land acquired by the company at a cost of Rs. 291.82 Lakhs are held in Trust in the name of an employee of a subsidiary Company. Antirevocable 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.

5) The registration of a vehicle owned by the company at a cost of Rs. 42.00 Lakhs is registered in the name of the Managing Director of the company.

6) Gross Block as on 1st April 2012 has been regrouped wherever necessary.

## 2.12 Non Current investments

Particulars	31.03.2013	31.03.2012
Investments in Government or Trust securities		
National Savings Certificate	0.01	0.01
	0.01	0.01
Investment in Mutual funds		
Kotak Mahindra Realty fund-HNI Fund	194.24	219.42
	194.24	219.42
<b>Total</b>	<b>194.25</b>	<b>219.43</b>
Aggregate value of unquoted investments	194.25	219.43

## 2.13 Long term loans and advances

Particulars	31.03.2013	31.03.2012
Unsecured, considered good		
Balance with Government Authorities	928.00	688.73
Prepaid expenses	737.40	767.59
Other receivable	40.57	-
	777.97	767.59
<b>Total</b>	<b>1,705.97</b>	<b>1,456.32</b>

## 2.14: Other non current assets

Particulars	31.03.2013	31.03.2012
Trade and security Deposits	27.38	53.53
Other Bank balances		
FD Maturity more than 12 months	4.05	-
<b>Total</b>	<b>31.43</b>	<b>53.53</b>

## 2.15: Inventories

Particulars	31.03.2013	31.03.2012
Raw Materials and components (Valued at Cost using FIFO method)	2,452.00	1,854.64
Work-in-progress (Valued at net realisable value basis)	367.31	1,089.49
Finished goods (Valued at net realisable value basis)	403.38	343.89
Stock in Trade (Valued at Cost or market price which ever is lower using FIFO method)	5.01	-
Goods-in transit - Raw materials	-	176.30
<b>Total</b>	<b>3,227.70</b>	<b>3,464.32</b>

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### 2.16: Trade receivables

Particulars	31.03.2013	31.03.2012
<b>Unsecured</b>		
Debts outstanding for period exceeding six months from the date it became due		
Considered good	132.31	3,759.97
Considered doubtful	106.88	22.35
Less: Provision for doubtful debts	106.88	22.35
	132.31	3,759.97
<b>Other debts</b>		
Unsecured, considered good	9,535.48	9,132.73
Unsecured, considered doubtful	168.33	97.47
Less: Provision for doubtful debts	168.34	97.47
	9,535.47	9,132.73
<b>Total</b>	<b>9,667.78</b>	<b>12,892.70</b>

### 2.17: Cash and Bank Balances

Particulars	31.03.2013	31.03.2012
<b>Cash and cash equivalents</b>		
Cash on hand	42.72	47.93
Balances in current account	96.72	137.88
<b>Fixed Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	1,011.28	3,390.90
<b>Margin Deposit</b>		
Deposits with maturity more than 3 months but less than 12 months	871.16	2.85
Unpaid Dividend Account	36.49	36.75
<b>Total</b>	<b>2,058.37</b>	<b>3,616.31</b>

### 2.18: Short term loan and advances

Particulars	31.03.2013	31.03.2012
Loans and advances to related parties*	3,288.68	-
Advance to Staff	316.85	70.03
Advance For Business/Purchase	13,110.42	9,818.50
Advance to Suppliers	26.61	291.18
Statutory Receivables	141.59	200.97
Sales Tax Refund	170.62	110.16
Security deposits	27.46	7.07
Prepaid Expenses	620.99	290.64
Advance Tax and TDS (Net of provision)	97.16	19.95
Other Receivables	725.66	356.12
<b>Total</b>	<b>18,526.04</b>	<b>11,164.62</b>

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

Particulars	31.03.2013	31.03.2012
Sai Ramakrishna Karuturi	795.56	-
Karuturi Real Estate Plc	347.28	-
Sher Karuturi BV	2,145.84	-
<b>Total</b>	<b>3,288.68</b>	<b>-</b>

#### 2.19: Other current assets

Particulars	31.03.2013	31.03.2012
Subsidy / Export incentive accrued	110.26	107.24
Forward Contract Receivable Account	232.30	-
Prepaid expense	-	14.85
Accrued Income	0.15	-
Advance tax and tds	-	0.83
Interest on Income Tax Receivable	0.11	1.62
Others	871.79	660.79
<b>Total</b>	<b>1,214.61</b>	<b>785.33</b>

#### 2.20: Revenue from operations (Net)

Particulars	31.03.2013	31.03.2012
Sale of agricultural produce*	54,854.47	54,665.04
Sale of trading products	597.17	1,073.83
Sale of services	534.46	575.39
<b>Total</b>	<b>55,986.10</b>	<b>56,314.26</b>

\* Flowers, agricultural products

#### 2.21: Other income

Particulars	31.03.2013	31.03.2012
<b>Dividend from Investment</b>		
Dividend Income from Long term investments	5.16	7.16
<b>Interest</b>		
From Fixed Deposits, Income tax, other interest	85.10	250.76
Profit on sale of investments	112.33	-
Income from sports and sponsorship	83.51	52.74
Commission & Other Income	0.51	0.59
Lease Rental Income	45.77	74.11
Creditors Written Back	26.89	21.45
Insurance Claim	8.90	-
Miscellaneous income	278.62	170.14
Subsidy/ Export Incentive	60.80	17.22
Exchange Gain	86.50	2,017.45
<b>Total</b>	<b>794.09</b>	<b>2,611.62</b>

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## 2.22: Cost of material consumed

Particulars	31.03.2013	31.03.2012
Raw materials and packing materials consumed		
Opening stock	1,854.64	1,973.94
Add: Purchases	6,201.08	6,376.00
Add: Direct Expenditure	26,293.65	23,925.88
Less: Closing stock	2,452.00	1,854.64
<b>Cost of Materials Consumed</b>	<b>31,897.37</b>	<b>30,421.18</b>
<b>Cost of services rendered</b>	<b>290.32</b>	<b>296.08</b>
<b>Total</b>	<b>32,187.69</b>	<b>30,717.26</b>

## 2.23 Purchase of stock in trade

Particulars	31.03.2013	31.03.2012
Purchase of traded goods	444.00	141.04
<b>Total</b>	<b>444.00</b>	<b>141.04</b>

## 2.24: Increase/Decrease in inventory of finished goods, work-in-progress and stock in trade

Particulars	31.03.2013	31.03.2012
<b>Opening stock</b>		
Finished goods*	343.89	597.27
Work-in-progress - Plant and agriculture	1,089.49	481.10
<b>Less: Closing stock</b>	<b>1,433.38</b>	<b>1,078.37</b>
Finished goods**	403.38	343.89
Work-in-progress - Plant and agriculture	367.31	1,089.49
Stock in trade	5.01	
	<b>775.70</b>	<b>1,433.38</b>
<b>(Increase) / Decrease in Inventory of finished Goods, WIP &amp; Stock in trade</b>	<b>657.68</b>	<b>(355.01)</b>
<b>* Details of Opening Stock of Finished Goods :</b>		
Plant and Plant materials	16.20	15.00
Flowers	327.69	582.27
<b>Sub-Total</b>	<b>343.89</b>	<b>597.27</b>
<b>** Details of Closing Stock of Finished Goods :</b>		
Plant and Plant materials	46.45	16.20
Flowers	356.93	327.69
<b>Sub-Total</b>	<b>403.38</b>	<b>343.89</b>

## 2.25: Employee benefits expense

Particulars	31.03.2013	31.03.2012
Salary, Allowances and Termination Benefits	1,187.20	3,789.67
Staff Welfare Expenses	43.80	148.36
Contribution to Provided Fund	9.31	55.80
<b>Total</b>	<b>1,240.31</b>	<b>3,993.83</b>

## 2.26: Finance Cost

Particulars	31.03.2013	31.03.2012
Interest on Bank Term Loans *	1,728.56	68.70
Foreign exchange Gain/Loss on account of Borrowing cost	32.52	49.25
Interest on Working Capital Borrowing	1,388.21	798.61
Interest on Corporate deposits	5.22	46.48
Other Financials Charges	-	12.87
Other Bank Charges	336.78	281.98
<b>Total</b>	<b>3,491.29</b>	<b>1,257.89</b>

\* Borrowing cost capitalized during the year under review in accordance with Accounting Standard (AS) 16, Borrowing Cost Rs. 679.37 Lakhs (Previous Year Rs. 20.07 Lakhs).

### 2.27: Other expense

Particulars	31.03.2013	31.03.2012
Advertisement Expenses	255.00	126.57
Auditors Remuneration	19.91	75.74
Provision for bad debt written off	254.39	141.86
Business Promotion Expenses	14.07	72.85
Custodian & Exchange Listing fees	3.97	19.01
Commission & Brokerage	8.37	34.27
Directors Sitting Fees	7.37	2.60
Loss on sale of asset	334.04	11.74
General Expenses	354.13	370.02
Freight, Clearing & Forwarding Charges	1,466.85	2,124.09
Insurance	110.22	105.72
Professional charges and Membership Fee	478.39	352.34
Power Charges Others	321.74	818.02
Printing & Stationery	22.34	45.83
Rates & Taxes	44.35	131.53
Rent	131.10	140.95
Repairs & Maintenance - Machinery	1.51	35.97
Repairs & Maintenance - Others	94.09	95.54
Telephone, Postage & Courier Charges	43.60	79.46
Traveling and conveyance	184.40	454.70
Vehicle Maintenance	31.28	257.20
<b>Total</b>	<b>4,181.12</b>	<b>5,496.01</b>

### 2.28: Exceptional items

Particulars	31.03.2013	31.03.2012
Reversal of depreciation	-	(4,469.16)

### 2.29: Extraordinary items

Particulars	31.03.2013	31.03.2012
Extraordinary Item	-	3,906.68

### 2.30: Prior period items

Particulars	31.03.2013	31.03.2012
Foreign Exchange Gain/Loss on account of Borrowing cost	1,061.44	
Foreign Exchange gain/loss	2,369.70	-
Reversal of Exchange Gain for Prior Years	1,212.21	
Other Expenses	0.23	1,381.86
<b>Total</b>	<b>4,643.58</b>	<b>1,381.86</b>

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## 3.0 Other Disclosures

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

Particulars	As at 31 March 2013	As at 31 March 2012
	Rs.	Rs.
Contingent Liabilities		
Disputed Income Tax Dues (Refer note a to d below)	16,043.80	14,127.88
Disputed Service Tax Dues	172.62	1,486.27
Disputed Entry Tax	11.86	-
Other Contingent Liabilities(Refer note e below)	341.89	-
<b>Total</b>	<b>16,570.17</b>	<b>15,614.15</b>

- a) The Company has received a demand for Rs. 863.44 Lakh for AY 2005-06, Rs. 1850.90 Lakh for AY 2007-08, Rs 8349.66 Lakhs for Assessment year 2008-2009 and Rs. 4764.29 for Draft Assessment order for 2009-10 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 Commissioner of Appeals Bangalore upheld the contention of the Company relating to a demand of Rs 792.71 Lakhs for the Assessment Year 2006-2007 made by the Assessing Authorities and deleted the additions and hence demand. The department has filed an appeal contesting the decision of the Commissioner of Appeals Bangalore before the Income Tax Tribunal Bangalore.
- c) The Income Tax Department has seized 12 bank accounts of the company, hence the balance of such bank accounts as at 31st March 2013 is nil.
- d) Karuturi Limited, Kenya (subsidiary) has received demand for Rs. 4762.38 Lakh (PY Rs. 5778.22 Lakhs) from Kenya Revenue Authorities towards Corporate Tax on account of Tranter Pricing disputes relating to financial years 2006-07 to 2008-09. The said Company has preferred an appeal before the Appellate Authorities and no provision is made for the same in the accounts.
- e) The Oromia Regional Government, Bureau of Land and Environmental Protection has ordered the Company to pay an additional amount of Rs. 341.89 Lakhs (PY Nil) to the private persons who leased the land in Oromia to the company; failure to do this would result in the lease's being revoked. The company has appealed against this order. The result of the appeal cannot be forecast.
- f) In the absence of sufficient information in the financials of subsidiaries the commitment has not been disclosed in the consolidated financial statements.

### 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	31.03.2013	31.03.2012
Employer's contribution to Provident Fund	9.31	55.80
<b>Total</b>	<b>9.31</b>	<b>55.80</b>

- b) Defined Benefits Plan:-

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

**Change in present value of obligation:**

Particulars	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Present value of obligation as at the beginning of the period (1st April 2012)	9.06	7.79	3.52	2.87
Acquisition Adjustment	-	-	-	-
Interest Cost	0.63	0.66	0.25	0.24
Past Service Cost	-	-	-	-
Current Service Cost	0.43	1.54	0.10	1.03
Curtailment Cost	-	-	-	-
Settlement Cost	-	-	-	-
Benefits Paid	(2.82)	-	0.89	-
Actuarial (gain)/loss on obligation	(1.65)	(0.93)	(2.06)	(0.62)
Present Value of Obligation as at the end of period (31st March 2013)	5.65	9.06	0.93	3.52

**The amounts recognized in Balance Sheet:**

Particulars	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	Gratuity (Unfunded)		Compensated Absence(Unfunded)	
Present Value of obligation as at the end of the period	5.65	9.06	0.93	3.52
Fair Value of plan assets as at the end of the period	-	-	-	-
Funded Status	(5.65)	(9.06)	(0.93)	(3.52)
Excess of actual over estimated	-	-	-	-
Unrecognized actuarial (gains) / losses	-	-	-	-
Net Asset/(Liability) recognized in balance sheet	(5.65)	(9.06)	(0.93)	(3.52)

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

Particulars	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	Gratuity (Unfunded)		Compensated Absence (Unfunded)	
Current Service Cost	0.43	1.54	0.10	1.03
Past Service Cost	-	-	-	-
Interest Cost	0.63	0.66	0.25	0.24
Expected return on plan assets	-	-	-	-
Curtailment cost	-	-	-	-
Settlement cost	-	-	-	-
Net actuarial (gain) / loss recognized in the period	(1.65)	(0.93)	(2.06)	(0.62)
Expenses recognized in the statement of profit and loss under employee costs	(0.60)	1.27	(1.70)	(0.66)

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### Actuarial Assumptions:

Particulars	Percentage	Percentage
Interest Rate	8.25%	8.05%
Discounting Rate	8.25%	8.05%
Future Salary increase are considered taking into account inflation, seniority promotions and other relevant factors.	10.0%	5.00%
Expected Rate of return on plan assets	0%	0%

### Demographic Assumptions:

Particulars	2012-13	2011-12
Retirement Age	60 years	58 years
Mortality Table	LIC (1994-96) duly modified	LIC (1994-96) duly modified
Attrition rate	20%	3%

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

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

Description	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
<b>Gratuity</b>					
Defined Benefit Obligation	56.54	90.67	7.79	5.22	4.52
Planned asset	-	-	-	-	-
(Surplus) /deficit	(16.53)	(9.27)	(0.25)	(0.72)	(3.70)
Experience adjustments in plan liabilities	(16.53)	(9.27)	(0.25)	(0.72)	(3.70)
Experience adjustments in plan assets	-	-	-	-	-
<b>Compensated absences</b>					
Defined Benefit Obligation	9.34	35.22	28.66	-	-
Planned asset	-	-	-	-	-
(Surplus) / deficit	(20.60)	(6.22)	-	-	-
Experience adjustments in plan liabilities	(20.60)	(6.22)	-	-	-
Experience adjustments in plan assets	-	-	-	-	-

In case of provision for employee benefits amounting to Rs. 43.87 Lakhs (PY – 30.62 Lakhs) pertaining to employees in subsidiaries outside India has not been determined by Actuarial valuation. However the same has been arrived based on management estimate.

### 3.3 Employee Stock Option:.

Under the Employee Stock Options Scheme 2008 (ESOS-2008), the Company has granted 60,00,000 Options to its eligible employees, the details of which are as follows:

**A) Employee Stock Options Scheme:**

Particulars	Current Year(Previous Year)
Number of Options to be Vested	60,00,000 (60,00,000)
Number of Options vested till 31.3.2013	55,88,500(55,88,500)
Method of Accounting	Intrinsic Value
Vesting Plan	Graded vesting over 12 year period from the date of grant.
Exercise Period	12 years from the date of grant.
Grant Date	17th August 2007
Grant Price (Rs. Per Share)	Re.1/- per Share
Market Price on the Date of Grant of Option (Rs.)	Nil(Rs.4.13)
Exercise Price of the Option (Rs.)	Re.1/- (Re.1/-)
Expected life of Option	12 years

**B) Movement of Options Granted:**

Particulars	Current Year(Previous Year)
Options Outstanding at the beginning of the year.	16,78,334 (60,00,000)
Vested during the year	Nil (Nil)
Excised during the year	Nil(7,47,416)
Lapsed during the year	Nil (Nil)
Allotted during the year	7,47,416(Nil)
Options Outstanding at the end of the year	9,30,918(16,78,334)
Options Unvested at the end of the year	4,11,500 (4,11,500)
Options Exercisable at the end of the year	Nil (Nil)

**C) Fair Value of Option:**

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Particulars	Current Year(Previous Year)
Risk Free interest rate	8.25 %( 8.25%)
Expected Life	12 Years (12 Years)
Expected Volatility	30.40% (30.40%)
Expected Dividend Yield	14.18% (14.18%)
Exercise Price	Re.1/- per share (Re.1/- per share)
Fair Value of Vested	Rs. 4.31 (Rs. 4.31)

Had the compensation cost for the stock options granted under ESOP-2008 been determined, based on fair-value approach, the Company's Net Profit and Earnings Per Share would have been as per the Performa amounts indicated below.

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Particulars	As at 31.03.2013	As at 31.03.2012
Net Profit (As reported)	10,813.57	15632.31
Add: Compensation Expenses under ESOP included in the Net Profit	Nil	32.83
Less: Compensation Expenses under ESOP as per Fair Value	Nil	10.48
Net Profit (Fair Value Basis)	10,813.57	15632.31
Basic Earnings Per Share (As Reported) – Rs./Share	1.34	1.94
Basic Earnings Per Share (Fair Value Basis) – Rs./Share	1.34	1.94
Diluted Earnings Per Share (As Reported) – Rs./Share	1.34	1.76
Diluted Earnings Per Share (Fair Value Basis) – Rs./Share	1.34	1.76

### 3.4: Leases:

#### 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	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Not later than one year	54.33	123.98	48.10	112.82
Later than one year and not later than five years	8.76	1,480.11	7.84	1,370.59
Total	63.09	1,604.09	55.94	1,483.41
Less: Finance charge	7.15	120.68		
Present Value of Minimum Lease payments	55.94	1,483.41		
Disclosed under:				
Long Term Borrowings (Refer Note:-2.3)			8.76	1,480.11
Other Current Liabilities (2.5)			54.33	123.98
Total	-	-	63.09	1,604.09

### 3.4 Earnings Per Share

In accordance with the Accounting Standard (AS- 20) on “Earnings per Share”.  
Computation of Basic and Diluted Earnings Per Share is as under:

Particulars	31.03.2013	31.03.2012
a) Net Profit for Basic Earnings Per Share as per Profit and Loss A/c	10,813.56	15,632.36
b) Weighted average number of equity shares for Earnings Per Share computation:	809,634,500.82	806,829,308.00
(i) Number of Equity Shares at the beginning of the year	808,979,232.00	805,507,010.00
(ii) Number of Shares allotted during the year	747,416.00	3,472,222.00
(iii) Weighted average shares allotted during the year	655,268.82	1,322,298.00
(iv) Number of potential equity shares	-	82,936,415.00
(v) Weighted Average for:		
- Basic Earnings Per Share	809,634,500.82	806,829,308.00
- Diluted Earnings Per Share	809,634,500.82	889,765,723.00
c) Earnings Per Share – Before Extra-ordinary Items		
- Basic (Rs.)	1.34	2.42
- Diluted (Rs.)	1.34	2.20
d) Earnings Per Share – After Extra-ordinary Items		
- Basic (Rs.)	1.34	1.94
- Diluted (Rs.)	1.34	1.76
d) Face Value Per Share	Re 1/-	Re 1/-

- The diluted EPS on the FCCB has not been considered due to pending approval of RBI( also refer Note 2.3B)

### 3.5 Related Party Transactions

A) As per Accounting Standard-18 (AS-18)- 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
Anita Karuturi	--Do--
Anita Reality Private Limited	KMP interested company.
Horticulture Synergies	KMP Interested Firm
Premier Tobacco Packers Pvt. Ltd.	KMP interested company.
Nagesh Karuturi	Relative of KMP
Anil Tumu	Relative of KMP

(KMP = Key Management Person).

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- 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	Opening Balance	Taken	Repaid	Closing Balance
Sai Ramakrishna	2012-13	(654.53)	389.10	734.53	(309.10)
	2011-12	(29.50)	854.80	231.16	(654.53)
Anitha Karuturi	2012-13	(752.84)	1725.16	457.89	(2020.11)
	2011-12	(5.98)	1,058.53	311.67	(752.84)

Relative of KMP					
Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Nagesh Karuturi	2012-13	808.43	823.13	0.14	-
	2011-12	500.88		307.54	808.43
Anil Tumu	2012-13	(40.83)		-	(40.83)

KMP Interested Company							
Name	Year	Sale	Lease Rental Income	Expenses/ (Income)	Loan Taken	Loan repaid	Closing
Premier Tobacco Packers Private Limited	2012-13	-	-	-	-	-	-
	2011-12	-	-	14.65	200.00	214.65	-

KMP Interested Firm					
Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Horticulture Synergies	2012-13	(36.79)	0.00	0.00	(36.79)
	2011-12	(299.79)	(36.79)	299.79	(36.79)

KMP Interested Company					
Name	Year	Opening Balance	Taken	Repaid	Closing Balance
Rhea Holdings Private Ltd.	2012-13	3,284.55	0.00	0.00	3,284.55
	2011-12	2,935.15	361.41	12.00	3,284.55

3.6 During the year the group has entered into an agreement to settle the dispute related to the acquisition of the Kenyan subsidiaries. This has resulted in reduction of liabilities recognized earlier amounting to Euros 56.5 Lakhs. Consequent to the settlement the amount deposited in Escrow account is also released. The reduction in liability is credited to Goodwill account.

### 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 Accounting Standard 17 "Segment Reporting" (AS-17).

Segment Information:		2012-13	2011-12
<b>1</b>	<b>Segment Revenue - External Turnover</b>		
	- Within India	4,077.16	4,312.61
	- Outside India	51,908.94	51,992.05
		55,986.10	56,304.66
<b>2</b>	<b>Segment Assets</b>		
	- Within India	135490.10	121,532.34
	- Outside India	129397.67	115,873.07
	Total Assets	264887.77	237,405.41
<b>3</b>	<b>Segment Liability</b>		
	Within India	43766.49	38,338.12
	Outside India	57,672.04	50,618.17
	Total Liability	101438.53	88,956.25

The Company's predominant income is from a single segment namely agriculture and hence disclosure of primary segment wise information is not applicable under Accounting Standard 17 "Segment Reporting" (AS-17).

**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 resulting exchange difference amounting debit Rs 937.77 Lakhs (Previous Year debit Rs. 5,954.96/- Lakhs) is debited / credited to Foreign Currency Translation Reserve until the disposal of such operations.

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

Particulars	Closing Rates		Average Rates	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
<b>Dollar</b>	54.3893	51.1565	54.4442	47.9372
<b>Birr</b>	2.9546	2.9006	3.0332	2.7660
<b>Kshs</b>	0.6427	0.6082	0.6396	0.5221
<b>Euro</b>	69.5438	68.3403	70.0909	66.0862
<b>AED</b>	3.675	3.675	3.675	3.675

3.9 Previous year's figures have been reworked, regrouped, rearranged and re-classified wherever necessary.

**As per our report of even date attached**

For Haribhakti & Co.  
Chartered Accountants  
Firm Regn. No.103523W

**Sunil Birla**  
Partner  
M No. 202226  
Place: Bangalore  
Date: 7th June 2013

**Nagesh Babu KL**  
Company Secretary  
M No. 23325

**Sai Ramakrishna Karuturi**  
Managing Director

**Anitha Karuturi**  
Wholetime Director

For and on behalf of the Board

Place: Bangalore  
Date: 7th June 2013

**KARUTURI GLOBAL LIMITED**

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

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the Eighteenth Annual General Meeting of the Company at Wadiyar Hall, Century Club, # 1, Sheshadri Road, Bangalore-560001 at 4.30 P.M on 30th September 2013 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.

**PROXY FORM**

I/We\_\_\_\_\_

of\_\_\_\_\_ being a

Shareholder/Shareholders of KARUTURI GLOBAL LIMITED hereby appoint\_\_\_\_\_

\_\_\_\_\_ of failing him/ her\_\_\_\_\_ as

my/our Proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of

the Company to be held on 30th September 2013 at 4.30 p.m. and at any adjournment thereof.

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

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

Signed on this\_\_\_\_\_ day of \_\_\_\_\_ 2013

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

Note: The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

Shareholder / Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of the Meeting



**KARUTURI**  
GLOBAL PRESENCE. GLOBAL SUCCESS

2013





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