



KARUTURI

GLOBAL PRESENCE. GLOBAL SUCCESS

To,
Manager Listing,
Bombay Stock Exchange Limited
Mumbai

To,
Manager Listing
National Stock Exchange Limited
Mumbai


Dear Sir/Madam,

Subject: Statement of Assets and Liabilities, Profit and Loss Account and Auditors Report.

With referencce to the above subject please find attached Balance sheet, Profit and Loss Account and Auditors Report for the Quarter ended 31/03/2015.

Kindly take this on records and do the needful.

For Karuturi Global Limited

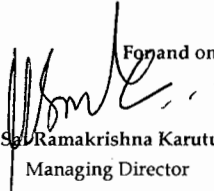
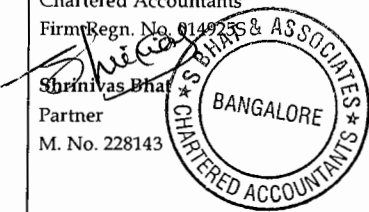



Sai RamaKrishna Karuturi
Chairman and Managing Director

Karuturi Global Limited

KARUTURI GLOBAL LIMITED
Consolidated Balance Sheet as on 31st March 2015

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	As on 31.03.2015	As on 31.03.2014
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	2.1	8,097.27	8,097.27
Reserves and Surplus	2.2	171,418.66	178,035.47
Minority Interest		2.44	2.29
Non-Current Liabilities			
Long-term borrowings	2.3	50,626.99	49,757.22
Deferred Tax Liabilities (Net)	2.4	116.09	118.59
Other Long Term Liabilities	2.5	2,209.14	2,262.92
Long Term Provisions	2.6	84.59	76.70
Current Liabilities			
Short-Term Borrowings	2.7	27,368.20	27,431.67
Trade Payables	2.8	17,591.54	12,346.38
Other Current Liabilities	2.9	33,649.44	25,362.91
Short term Provisions	2.10	2,434.22	2,487.47
		313,598.57	305,978.87
<u>ASSETS</u>			
Non Current Assets			
Fixed Assets			
- Tangible Assets	2.11	234,138.01	232,863.09
- Intangible Assets	2.11	2,074.93	2,650.15
- Capital Work in Progress	2.11	34,729.15	27,126.80
Non Current Investments	2.12	112.13	161.93
Deferred Tax Assets (Net)	2.4	3,049.64	3,029.53
Long Term Loans and Advances	2.13	1,661.38	1,668.66
Other Non Current Assets	2.14	367.64	365.95
Current Assets			
Inventories	2.15	2,302.92	2,143.23
Trade Receivables	2.16	16,312.19	16,724.07
Cash and Cash Equivalents	2.17	2,690.39	3,338.26
Short Term Loan and Advances	2.18	15,432.24	15,032.33
Other Current Assets	2.19	727.96	874.86
		313,598.57	305,978.87
Significant Accounting Policies and Other Disclosures forming Integral part of financials 1&3			
Contingent Liabilities and Capital Commitments 3.1			
As Per our Report of even date attached			
For S Bhat & Associates Chartered Accountants Firm Regn. No. 0149255 & ASSOCIATES Srinivas Bhat Partner M. No. 228143		For and on behalf of Board  Sd/- Ramakrishna Karuturi Managing Director	
		 Anitha Karuturi Director	
Place : Bangalore Date: 30th May, 2015		Place : Bangalore Date: 30th May, 2015	

KARUTURI GLOBAL LIMITED

Consolidated Statement of Profit and loss account for the year ended 31st March 2015

Amount expressed in Indian Rupees in Lakhs unless otherwise stated

Particulars	Note	Year Ending	Year Ending
		31st March 2015	31st March 2014
Income			
Sale of products	2.20	16,074.25	40,358.55
Less: Excise duty			
Net sale of products		16,074.25	40,358.55
Sale of trading products	2.20	10,245.52	8,409.69
Sale of services	2.20	-	188.97
Other operating revenues	2.20	302.96	348.49
Revenue from Operations		26,622.73	49,305.70
Other Income	2.21	3,938.59	2,444.23
Total Revenue		30,561.32	51,749.93
Expenses			
Cost of Materials Consumed	2.22	11,384.67	11,069.15
Purchase of Stock-in Trade	2.23	2,314.58	1,133.18
Change in Inventory of Finished Goods, Work-in-Progress and Stock-in Trade	2.24	(314.54)	931.34
Employee Benefits Expense	2.25	578.17	3,426.09
Finance Costs	2.26	3,994.95	7,261.68
Depreciation and Amortisation Expenses	2.11	2,646.63	3,889.21
Other Expenses	2.27	8,255.99	20,155.15
Total expenses		28,860.45	47,865.79
Profit / (Loss) Before Exceptional and Extraordinary Items and Tax		1,700.87	3,884.14
Exceptional Items	2.28	1,541.03	2,037.79
Profit / (Loss) Before Extraordinary Items and Tax		3,241.90	1,846.35
Extraordinary Items	2.29	98.52	-
Profit / (Loss) Before tax		3,143.38	5,921.93
Tax expense			
Current Tax		0.40	(886.04)
Deferred Tax charge / (Credit)		(109.82)	(1,465.96)
Profit after tax		3,252.80	8,273.94
Prior Period Items	2.30	5.91	1,362.47
Profit / (Loss) from operations		3,246.89	6,911.47
Transfer to Minority Interest		-	2.29
Profit / (Loss) from operations after tax		3,246.89	6,909.18
Earning per Equity Share			
Basic		0.40	0.85
Diluted		0.40	0.85
No. of shares used in computing earnings per share			
Basic		0.40	0.85
Diluted		0.40	0.85

Significant Accounting Policies and Other Disclosures

forming Integral part of financials 1&3

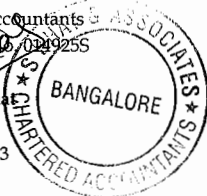
Contingent Liabilities and Capital Commitments 3.1

As Per our Report of even date attached

For S Bhat & Associates

Chartered Accountants
Firm Regn. No. 0249255

Shrinivas Bhat
Partner
M. No. 228143



Sa Ramakrishna Karuturi
Managing Director

For and on behalf of Board

Anitha Karuturi
Director

Place : Bangalore
Date: 30th May, 2015

Place : Bangalore
Date: 30th May, 2015

INDEPENDENT AUDITOR'S REPORT

To,
The Board of Directors of Karuturi Global Limited,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KARUTURI GLOBAL LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

1. Attention is invited to note no 1.2 forming part of the consolidated financial statements ('Notes') regarding the appointment of Receivers by the CFC Stanbick and ICICI Bank along with petitions filed by M/s. All Pack Industries (Creditors) for its Kenyan subsidiaries Karuturi Limited, Yeshoda Investment Limited, Surya Holdings Limited and Rhea Holding Limited and inclusion of the previous year figures for consolidation. The financial statements of such subsidiary considered for consolidation reflect total assets (net) of Rs. 32448.22 Lakhs. The revenue and expenses of the said subsidiaries have not been considered for consolidation purposes and hence we are not able to ascertain the impact on the statement of Income reported in consolidated financial statement. Consequent to petition by the creditors and placement of the subsidiary under receivership casts doubt on the continuity of the said subsidiaries as going concern. However, the subsidiary has contested the appointment of receivership and was able to succeed in obtaining injunctions in the matter.

2. The Company has made turnover of Rs.1514.07 Lakhs of total sales and Purchases of Rs. 978.58 Lakhs during the year which comprises of local transaction of flowers, plants, budwoods & rootstocks. Appropriate controls over the local transactions of sales of Rs. 1364.39 Lakhs and purchases of Rs. 945.50 Lakhs needs improvement and as there were

no alternative procedures for us to satisfy ourself and ascertain the impact on income and expenses position in statement of profit and loss for the year.

3. Attention is invited to point no 2.29 forming part of the Financial Statement ("Notes") regarding treatment of accumulated balance of Foreign Currency Monetary Translation Reserve (FCMTR). Wherein during the year, the advance given to its wholly owned subsidiary Karuturi Overseas Limited has been converted to equity and the resulting foreign exchange gain was transferred to statement of profit and loss account to the tune of Rs. 156 Lakh as an income. As per para 15, read with para 31 and para 32 of the Accounting Standards – 11 "The Effect of changes in foreign exchange rates", the accumulated amount in FCMTR account can be recognised as income only at the time of disposal of net investment in the non-integral foreign operations. In our opinion the said transaction does not tantamount to disposal of net investment and hence the above transaction results in departure from Accounting Standard – 11, as referred in section 133 of the Companies Act, 2013 resulting in overstatement of income to that extent.

4. Attention invited to note no 2.2, in respect of Foreign Currency Translation Reserve, the decrease of Rs.10,210.31 Lakh is subject to reconciliation. In the absence of such reconciliation, we are unable to comment on the effect, if any, on the consolidated profit and loss and on the consolidated assets and liabilities.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.



Other Matters

1. We did not audit the financial statements / financial information of 12 subsidiaries, whose financial statements / financial information reflect total assets of Rs. 2,74,439.30 Lakhs as at 31st March, 2015, total revenues of Rs. 25,413.02 Lakhs and net cash flows amounting to Rs.3,247.87 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

2. Attention invited to note no. 1.2 forming part of the Consolidated Financial Statements ('Notes') regarding the appointment of Receivers by the bank for its subsidiaries Karuturi Limited, Yeshoda Investments Limited, Surya Holdings Limited and Rhea Holdings Limited and inclusion of the last known financial statements for consolidation. We have relied on the unaudited financial statements considered for previous year consolidation reflecting total assets of Rs. 32,448.22 Lakhs. Our report in so far as it relates to the amount included in respect of the said subsidiary is based on solely on such unaudited financial statements. Attention is also invited to note no 1.1(k) regarding the non-inclusion of the 4 subsidiaries for consolidation.

3. Attention drawn to Note 2.3B forming part of Financial Statement ('Notes') regarding the Company's Foreign Currency Convertible Bonds (FCCBs) liability, which is carried at Rs. 37,657.71 Lakhs in the Balance sheet as at March 31, 2015. The FCCB loan was due for repayment on 19th October 2012 and the Company has defaulted in repayment of the same. The Company is not in a position to comply the conditions laid by RBI while approving the restructuring proposal during 2013-14 and hence company has not provided for interest during the year 2014-15. The company has not disclosed any strategic plan as to how the above liability will be discharged.

4. Attention invited to note no 3.2 regarding outcome of various contingent liabilities and corporate guarantees given by the company and the possible exposure of the same on the Company's financial statement and regarding the position of the company towards the court proceedings of Sale of its subsidiary Karuturi Telecom Private limited along with seizure of bank account by the Income Tax Department.

5. Attention invited to note no 1.6 regarding change in depreciation policy, wherein foreign subsidiaries continued to depreciate the assets in line with rates adopted so far and Indian entities have adopted the rates as prescribed under Companies Act, 2013.



Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) Except for the matter described in sub-paragraph (b) of the Basis for Qualified Opinion paragraph above, the reports on the accounts of the branch offices of the Holding Company, and its subsidiaries, associate companies and jointly controlled companies incorporated in India, audited under Section 143 (8) of the Act by branch auditors have been sent to us / the other auditors, as applicable, and have been properly dealt with in preparing this report.

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.



(g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies, are not disqualified from being appointed as a director in terms of Section 164(2) of the Act, none of the other directors of the Group's companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

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

i. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 3.1 the consolidated financial statements.

ii. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, the Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.¹

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For S Bhat & Associates

Chartered Accountants

FRN 014925S



Shrinivas Bhat

Partner

Membership No 228143



Date : 30th May 2015

Place : Bangalore