





KARUTURI

GLOBAL PRESENCE. GLOBAL SUCCESS

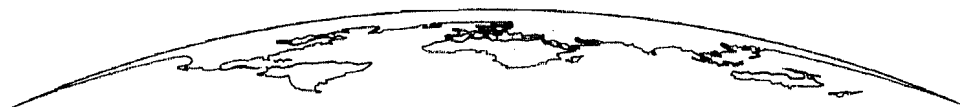
Form B (Standalone Audit Report with Modified Opinion along with Financial Results)

1	Name of the company	Karuturi Global Limited
2	Annual financial statements for the year ended	31/03/2016
3	Type of Audit qualification	Qualified
4	Frequency of qualification	Repeated First Time
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Page no 2 and 3 in audit report, Management Response attached below
	Additional comments from the board/audit committee chair:	-
5	 Anitha Karuturi CEO	 Mahaveer Jain Finance Head
	 Shrinivas Bhat Auditor S Bhat and Associates Membership No:228143	 Man Mohan Agrawal Audit Committee Chairman



Karuturi Global Limited


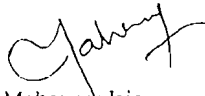
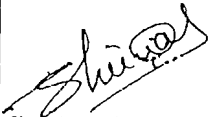
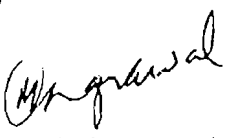
Reg. Office : # 304, Embassy Centre, 11, Crescent Road, Bengaluru - 560 001, India. CIN : L01122KA1994PLC016834

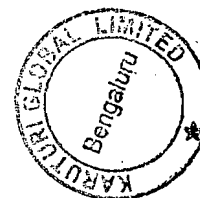


KARUTURI

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Form B (Consolidated Audit Report with Modified Opinion along with Financial Results)

1	Name of the company	Karuturi Global Limited
2	Annual financial statements for the year ended	31/03/2016
3	Type of Audit qualification	Qualified
4	Frequency of qualification Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Repeated First Time Page no 2 and 3 in audit report, Management Response attached below
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Karuturi Global Limited

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KARUTURI GLOBAL LIMITED

Regd Office: 204, Embassy Centre, Crescent Road, Bangalore 560001

Statement of Standalone Audited Results for the Quarter Ended 31/03/2016

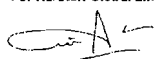
Particulars	Standalone					Consolidation					(Rs in Lakhs)
	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Previous year ended	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for current period ended	Previous year ended	
	31/03/2016 (Audited)	31/12/2015 (Unaudited)	31/03/2015 (Audited)	31/03/2016 (Audited)	31/03/2015 (Audited)	31/03/2016 (Audited)	31/12/2015 (Unaudited)	31/03/2015 (Audited)	31/03/2016 (Audited)	31/03/2015 (Audited)	
(Refer Notes Below)											
1. Income from Operations											
(a) Net Sales/Income from Operations (Net of excise duty)	483.17	343.03	623.61	1,424.94	1,514.07	14,379.49	5,902.76	9,283.85	33,028.22	26,622.73	
(b) Other Operating Income	-	-	-	-	-	-	-	-	-	-	
Total Income from Operations (net)	483.17	343.03	623.61	1,424.94	1,514.07	14,379.49	5,902.76	9,283.85	33,028.22	26,622.73	
2. Expenses											
(a) Cost of Materials consumed	12.17	10.11	7.42	40.78	46.90	3,986.87	816.38	3,956.17	6,004.76	11,384.67	
(b) Purchase of stock-in-trade	409.89	275.72	505.79	1,182.11	945.50	1,695.30	1,806.21	874.87	8,329.42	2,314.58	
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	5.22	0.66	2.82	23.78	(26.82)	172.88	0.66	266.00	191.44	(314.54)	
(d) Employee benefits expense	29.55	16.26	19.17	92.52	106.30	992.12	126.12	99.43	1,264.31	578.17	
(e) Depreciation and amortisation expense	4.82	15.77	16.04	53.85	67.46	2,194.46	830.81	419.87	4,316.32	2,646.63	
(f) Other expenses (Any item exceeding 10% of the total expenses relating to continuing operations to be shown separately)	54.18	23.94	(903.00)	145.16	134.65	2,768.95	1,657.29	3,268.85	6,710.05	8,255.99	
Total Expenses	515.85	342.46	(351.76)	1,538.22	1,274.09	11,810.59	5,237.47	8,885.19	26,816.31	24,865.50	
3. Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(32.68)	0.57	975.37	(113.28)	239.98	2,568.90	665.29	398.66	6,211.91	1,757.23	
4. Other Income	843.04	220.41	18.33	1,288.79	1,473.27	887.87	470.99	3,289.31	1,491.60	3,938.59	
5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3 + 4)	810.36	220.98	993.70	1,175.51	1,713.25	3,456.77	1,136.28	3,687.97	7,703.51	5,695.82	
6. Finance Costs	(1,108.40)	(946.52)	(780.70)	(3,852.88)	(3,113.33)	(1,315.05)	(1,764.66)	(1,347.53)	(5,546.52)	(3,994.95)	
7. Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5 + 6)	(298.04)	(725.54)	213.00	(2,677.37)	(1,400.08)	2,141.72	(628.38)	2,340.44	2,156.99	1,700.87	
8. Exceptional Items	0.60	1,488.25	-	1,488.85	1,541.03	0.60	1,488.25	-	1,488.85	1,541.03	
9. Profit / (Loss) from ordinary activities before tax (7 + 8)	(297.44)	762.71	213.00	(1,188.52)	140.95	2,142.32	859.87	2,340.44	3,645.84	3,241.90	
10. Tax expense	(86.28)	(14.63)	(424.77)	(87.56)	90.45	(94.16)	(20.23)	(388.99)	(111.94)	109.42	
11. Net Profit / (Loss) from ordinary activities after tax (9 + 10)	(383.72)	748.08	(211.77)	(1,276.08)	231.40	2,048.15	839.64	1,951.45	3,533.89	3,351.32	
12. Extraordinary items (net of tax expense Lakhs)	1.55	-	(97.72)	(11.79)	(97.72)	1.82	-	(106.28)	(11.52)	(98.52)	
13. Net Profit / (Loss) for the period (11 + 12)	(382.16)	748.08	(309.49)	(1,287.86)	133.68	2,049.98	839.64	1,845.17	3,522.38	3,252.80	
14. Prior Period Items	(4.81)	-	-	(4.81)	2.51	11,381.44	-	-	11,381.44	(5.91)	
15. Minority Interest*	-	-	-	-	-	-	-	-	-	-	
16. Net Profit/(Loss) after taxes, minority interest and share of profit/(loss) of associates (13+14+15) *	(386.97)	748.08	(309.49)	(1,292.67)	136.19	13,431.41	839.64	1,845.17	14,903.81	3,246.89	
17. Paid-up equity share capital (Face Value of the Share shall be indicated)	10,197.27	10,197.27	8,097.27	10,197.27	8,097.27	10,197.27	10,197.27	8,097.77	10,197.27	8,097.27	
18. Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year											
19.i Earnings Per Share (before extraordinary items) (of ₹/- each) (not annualised):											
(a) Basic	(0.038)	0.073	(0.040)	(0.127)	0.017	1.317	0.082	0.228	1.462	0.401	
(b) Diluted	(0.038)	0.048	(0.040)	(0.127)	0.017	1.317	0.054	0.228	1.462	0.401	
19.ii Earnings Per Share (after extraordinary items) (of ₹/- each) (not annualised):											
(a) Basic	(0.038)	0.073	(0.040)	(0.127)	0.017	1.317	0.082	0.228	1.462	0.401	
(b) Diluted	(0.038)	0.048	(0.040)	(0.127)	0.017	1.317	0.054	0.228	1.462	0.401	

Notes :

- The above results as reviewed by the Audit Committee were approved by the Board of Directors at their Meeting held on 30th May, 2016 which was completed on 31st May, 2016 and approved as on that date.
- Statutory Auditors of the Company have conducted audit of the standalone financial results for the quarter ended 31.03.2016
- As the Company deals primarily with floriculture and allied products, segment wise figures are not published.
- Figures for the previous periods have been regrouped, whenever necessary, to correspond with the figures of the current period.
- Exceptional item includes exchange gain of Rs. 1,488.25 lakhs transferred from Foreign Currency Monetary Translation loan given to Karuturi Overseas Limited, Dubai as investment amounting to Rs. 4,974.45 lakhs
- Interest cost on Borrowings debited to relevant subsidiary based on end use of funds.
- We received the forensic audit report of Karuturi Limited for the period from February 2014 to December 2015 of which up to August 2015 was audited. The scope of audit was that of a forensic audit and not financial audit. However the same has been consolidated for fair disclosure. The prior period income reflected in the profit and loss account of consolidated financial statement, represents the net profit earned by the said entity for the period up to 31st March 2015.
- Above Consolidated results includes the data of M/s. Karuturi Limited up to 31st August 2015, which has been consolidated in the 4th quarter.
- Unaudited figures of Rhea Holdings Limited, Surya Holdings Limited & Yashoda Investments Limited have also been consolidated on availing access to books of accounts.
- The adjustments for the financial impacts for the previous years which were not considered for consolidation earlier have been made as prior period items in profit and loss account during the year for the above said 4 entities.
- Karuturi Limited has received the order of the court for winding up on 30th March 2016.
- Fluctuation in USD / Rs impact as on March 31, 2016.

Particulars	31.3.2016
Exchange Loss / (gain) on account of restatement of forex liability	(1,261.72)
Provision for FCCB interest liability	3,349.31

For Karuturi Global Limited



Anitha Karuturi
Director

Place : Bangalore
Date : 31/05/2016

Statement of Assets and Liabilities

Particulars	Standalone		Consolidated	
	Mar-16	Mar-15	Mar-16	Mar-15
<u>EQUITY AND LIABILITIES</u>				
Shareholders' Funds				
Share Capital	10,197.27	8,097.27	10,197.27	8,097.27
Reserves and Surplus	95,358.51	90,565.33	188,057.12	171,418.66
Minority Interest			2.59	2.44
Non-Current Liabilities				
Long-term borrowings	25,732.34	27,194.30	40,486.78	50,626.99
Deferred Tax Liabilities (Net)	-	-	116.96	116.09
Other Long Term Liabilities	-	-	2,222.59	2,209.14
Long Term Provisions	8.39	8.49	81.89	84.59
Current Liabilities				
Short-Term Borrowings	7,804.79	1,814.48	30,851.89	27,368.20
Trade Payables	1,047.15	498.34	14,086.08	17,591.54
Other Current Liabilities	17,548.18	17,220.52	33,142.53	33,649.44
Short term Provisions	174.40	174.58	189.01	2,434.22
	157,871.02	145,573.29	319,434.69	313,598.58
<u>ASSETS</u>				
Non Current Assets				
Fixed Assets				
- Tangible Assets	824.17	895.91	238,278.28	234,138.01
- Intangible Assets	0.32	0.69	769.52	2,074.93
- Capital Work in Progress	-	-	40,364.61	34,729.15
Non Current Investments	63,611.10	58,670.35	79.43	112.13
Deferred Tax Assets (Net)	683.02	770.58	721.35	3,049.64
Long Term Loans and Advances	62,150.72	59,252.59	1,660.20	1,661.38
Other Non Current Assets	15,092.00	13,641.14	462.65	367.64
Current Assets				
Inventories	102.76	128.36	3,805.41	2,302.92
Trade Receivables	2,687.50	1,977.38	21,418.82	16,312.19
Cash and Cash Equivalents	51.35	66.88	2,696.74	2,690.39
Short Term Loan and Advances	12,599.81	10,096.32	8,216.00	15,432.24
Other Current Assets	68.27	73.09	961.65	727.96
	157,871.03	145,573.29	319,434.68	313,598.58

Independent Auditor's Report

To,
The Members of Karuturi Global Limited,
Bangalore

Report on the Financial Statements

We have audited the accompanying financial statements of Karuturi Global Limited ("the Company"), (formerly known as Karuturi Networks Limited) which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 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. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Company has made turnover of Rs.1424.94 Lakhs of total sales and Purchases of Rs. 1,221.07 Lakhs during the year which comprises of local transaction of flowers, plants, budwoods & rootstocks. Demonstrable controls over the local transactions of sales of Rs. 1292.26 Lakhs and purchases of Rs. 1,180.86 Lakhs needs improvement and as there were no audit procedure for us to satisfy ourself, we are unable to comment the impact on income and expenses position in statement of profit and loss for the year.

Attention is invited to point no 2.30 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. 1488.85 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.



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 matters specified in paragraph 1 & 2 of the Basis for Qualified Opinion Paragraph, the aforesaid 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;

- i). in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;*
- ii). in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and*
- iii). in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

(a) 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. 40,721.04 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 discontinued providing interest since 2014-15. The company has not disclosed any strategic plan as to how the above liability will be discharged.

(b) Attention invited to note no 2.12 in notes regarding the Non-Current Investment, which includes investment in subsidiaries total amounting to Rs. 63,532.87 Lakhs, which are stated at cost. However the realisable value of these investments could not be ascertained as audited accounts of these entities are not received.

(c) 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.

(d) The company has failed to appoint CFO & Whole Time Company Secretary as prescribed under the Companies Act, 2013. Company has not disclosed any strategic plan to comply the same.

Our opinion is not modified 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 Section 143(11) of the Act, we give annexure, a statement on the matters specified in paragraph 3 and 4 of the order.

2. As required by section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except to para 2 mentioned in basis of qualified opinion.

e. The going concern matter described in sub-paragraph (b) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f. On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the director is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

g. With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us :

- 1) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 3.2 to the financial statements;
- 2) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
- 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

For S BHAT & Associates
Chartered Accountants
FRN: 014925S



Shrinivas Bhat
Partner
Membership No. 228143
Date : 31st May 2016
Place : Bangalore

KARUTURI GLOBAL LIMITED

Annexure to Independent Auditor's Report

(Referred to in paragraph 1 of our report of even date)

(i). (a) *The company has not maintained the complete records showing the full particulars, including quantitative details and situation of fixed assets.*

(b) As explained to us, the management has not verified the fixed assets during the year and adopted mechanism to verify the assets once in three years. The system of fixed asset verification program adopted by the management, which in our opinion, is reasonable, having regard to the size of the Company and the nature of assets. The frequency of physical verification is reasonable and no discrepancies observed during verifications have been properly dealt in the books of accounts;

(ii) (a) *As explained to us, the inventories have been physically verified by the management on quarterly basis. In our opinion, the frequency of such verification is reasonable. However to strengthen the controls, external verification as a part of Internal audit shall be carried out.*

(b) As per the information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to size of the Company and the nature of its business.

(c) The company is maintaining certain records of inventory. In our opinion such records need improvements to ensure controls. As explained to us and certified by the management, there were no material discrepancies noticed on physical verification of inventory carried out at the end of the year as compared to the book records, having regard to size of the operations of the company.

(iii) (a) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(b) The terms of repayment stipulates that the unsecured loans are repayable on demand. Interest is due annually/quarterly.

(c) The company has not granted any loans covered under section 189 of the act during the year.



(iv) In our opinion and according to the information and explanation given to us, the internal controls system is not commensurate with the size of the company and nature of its business with regard to purchase and sale of inventory. During the course of audit, we have observed the following weakness in internal control system of the company;

(a) The supporting documents for purchases and sales such as Purchase orders, Goods receipts notes, sales orders and delivery challans were not available in certain cases which are duly acknowledged by the internal auditors.

(b) The company has annual internal audit system covering the verification of transactions and controls. However, in our opinion, the internal audit system needs improvement in frequency as well as the scope of audit.

(c) The outstanding receivables and payables span across for more than 180 days for an amount of Rs. 990.59 Lakhs in case of receivables and Rs. 299.52 Lakhs in case of payable. Due to lack of reliable internal controls and alternate audit procedures, the impact of the same cannot be ascertained by us.

(v) During the year, company has not accepted any deposit falling under section 73 to 76 of the Act and rules framed there under and the directives of the Reserve bank of India.

(a) The amount of Rs. 360.93 lakhs have been transferred to Flower express FZE, which is the holding company of M/s. Karuturi Limited, Kenya for meeting the legal and other expenses relating to receivership etc. The said amount has been transferred through Director's account as the companies bank accounts are seized by income tax authorities.

(vi) According to information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.

(vii)(a) According to information and explanations given to us, the undisputed dues towards TDS, Sales Tax, Wealth Tax, Provident Fund, ESI and service tax have not been regularly deposited.

(b) According to the information and explanations given to us, the undisputed dues towards TDS, Sales Tax, Wealth Tax, Provident Fund, ESI and service tax which are outstanding for more than 6 months from the date they have become due are as follows:

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

(c) According to the information and explanations given to us, the company has defaulted in payment of Tax Deducted at Source on the provision of interest on FCCB during the assessment years 2013-14 to 2014-15 amounts to Rs. 656.62 Lakhs. Company has not provided for interest during the year.

(d) According to the information and explanation given to us, and based on the records of the company, the dues outstanding in respect of income tax, sales tax, wealth tax, service tax and other statutory duties on account of any dispute are as follows:

Name of the Statute	Nature of the Dues	Amount (in Lakhs)	Period for which amount	Pending Before Authority
Finance Act, 1994	Service Tax	172.62	A.Y 2006-07	Commissioner/CESTAT (Appeals)
Income Tax Act 1961	Income Tax	863.44	A.Y 2005-06	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	792.72	A.Y 2006-07	Income Tax Appellate Tribunal, Bangalore
Income Tax Act 1961	Income Tax	1,850.91	A.Y 2007-08	Commissioner (Appeals) Bangalore



Income Tax Act 1961	Income Tax	19,303.07	A.Y 2008-09	Income Tax Appellate Tribunal, Bangalore and Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	3,254.27	A.Y 2009-10	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	4,830.70	A.Y 2010-11	Commissioner (Appeals) Bangalore
Income Tax Act 1961	Income Tax	3,610.04	A.Y 2011-12	Commissioner (Appeals) Bangalore
Karnataka Tax on entry of goods act, 1979	Entry tax	0.97	A.Y 2005-06	Joint Commissioner of Commercial Taxes, Audit-13, VAT DVO -
Karnataka Tax on entry of goods act, 1979	Entry tax	3.87	A.Y 2007-08	Joint Commissioner of Commercial Taxes, Audit-13, VAT DVO -
Karnataka Tax on entry of goods act, 1979	Entry tax	1.57	A.Y 2008-09	Joint Commissioner of Commercial Taxes, Audit-13, VAT DVO -

(e) According to the information and explanations given to us, the company has not delayed in transfer of the amounts due to Investor Education and Protection Fund.

(viii) In our opinion, as at 31st March 2016, 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 ended on that date or in the immediately preceding financial year.

(ix) According to the information and explanations given to us, the company has not defaulted in repayment of dues to the banks and debenture holders except the following :

(a) The company has defaulted in repayment of dues to Foreign Currency Convertible Bonds(FCCB) holders amounting to Rs. 40,721.04 Lakhs which became due for repayment on 19th October 2012.

(x) According to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by subsidiaries from banks or financial institutions are not prejudicial to the interest of the company.

(xi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company and due to the accounting transactions passed in the books of account, we are not able to comment on whether funds raised on short term basis have been used for long-term investment.

(xii) During the course of our examination of the books and records of the company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any fraud on or by Company noticed or reported during the year, nor have been informed of such case by management.

For **S BHAT & Associates**
Chartered Accountants
FRN: 014925S



Shrinivas Bhat
Partner
M. No. 228143

Date : 31st May, 2016
Place : Bangalore

Annexure - B to the Auditors' Report
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of
the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Infosys Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

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

Opinion

In our opinion, the Company has, in all material respect, except to the matters mentioned in the basis for qualified opinion paragraph, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S BHAT & Associates
Chartered Accountants
FRN: 014925S



Shrinivas Bhat
Partner
M. No. 228143

Date : 31st May, 2016
Place : Bangalore



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, 2016, 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. The Company has made turnover of Rs.1424.94 Lakhs of total sales and Purchases of Rs. 1,221.07 Lakhs during the year which comprises of local transaction of flowers, plants, budwoods & rootstocks. Demonstrable controls over the local transactions of sales of Rs. 1292.26 Lakhs and purchases of Rs. 1,180.86 Lakhs needs improvement and as there were no audit procedure for us to satisfy ourself, we are unable to comment the impact on income and expenses position in statement of profit and loss for the year..

2. Attention is invited to point no 2.28 forming part of the Consolidated 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. 1,488.85 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.



3. Attention invited to note no 2.2, in respect of Foreign Currency Translation Reserve, the decrease of Rs. 1,569.8 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.

4. The consolidated Financial Statement has been prepared considering the unaudited financial statements of M/s. Rhea Holdings Limited, M/s. Yashoda Investments Limited, M/s. Surya Holdings Limited where the company has regained the access to books of accounts of these companies.

5. Attention invited to note No 1.2 of consolidated financial statement, where in the consolidation of accounts of M/s. Karuturi Limited was made based on the Forensic audit carried out by M/s. PKF Consulting Limited. The figures have been consolidated for the period up to August 2015. As per para 18 of AS 21 "Consolidated Financial Statements", the consolidation shall be made for an identical period and the deviation in the balance sheet date cannot be more than 6 months. However the consolidation of M/s. Karuturi Limited was carried out up to August 2015, resulting in to deviation of 7 months from the balance sheet dates of other entities, i.e. 31st March 2016.

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, 2016, 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 13 subsidiaries, whose financial statements / financial information reflected in consolidation. 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 court order received by M/s. Karuturi Limited in Kenya for winding up as on 30th March, 2016 which affects going concern assumption and the inclusion of unaudited financial statements of M/s. Rhea Holdings Limited, M/s. Surya Holdings Limited and M/s. Yashoda Investments Limited. 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.

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. 40,721.04 Lakhs in the Balance sheet as at March 31, 2016. 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 since Financial 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.

6. Attention invited to Note No. 2.21 of one of the subsidiary M/s Karuturi Foods Private Limited, the operations of the manufacturing unit along with other activities have been stopped temporarily. As per the explanation of the management, the company will resume operations in short while and shall not be treated as discontinued operations.

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, 2016 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, 2016 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

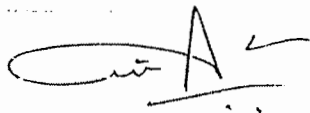


Shrinivas Bhat
Partner
M No 228143

Date : 31st May, 2016
Place : Bangalore

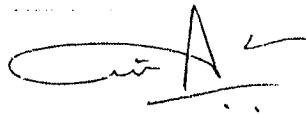
Management response to the Audit queries:

1. The Company's Sales and Purchase transactions are normally supported by valid documents such as P.O's., D.C., G.R.N. etc. However, in view of some unique and unconventional trade practices including barter systems and not having/not using bank accounts which are peculiar to agricultural business, all the transactions are not as per the procedures suggested by the Auditors. The Company has substantially improved upon the documentation and continues to do so. It is also submitted that apart from certain intricacies related to the sectoral business there is no material misstatement.
2. The Company had initially transferred an amount of 98,12,261.90 US\$ (INR 4,555,088,130.75) as Share Application Money/loan to Karuturi Overseas Ltd, Dubai. This amount has been outstanding and shown in books as "Share Application Money pending allotment" under "Other Non Current Assets" / as 'Loans' under 'Loans and Advances'. Out of this, 7,500,000 US\$ has been utilised to allot shares of Karuturi Overseas Limited and the corresponding exchange gain of INR 14,88,84,929 has been transferred from FCMTR account to Profit & Loss account as per AS-11 "The Effects of Changes in Foreign Exchange Rates".
3. The decrease is as per the calculations provided to the auditors and it is mainly due to fluctuation in the USD.INR parity.
4. The audited financials of Rhea Holdings Limited, Surya Holdings Limited & Yeshoda Investments Limited were received post board meeting.
5. Company has received the forensic audit report of Karuturi Limited for the period from February 2014 to August 2015. With the intention of fair disclosure to the share holders and adequacy of financial statements, we have included the said report in the consolidated financial statement.



Management response to the Audit queries:

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