

Limited Review Report

Review Report to,

The Board of Directors of Karuturi Global Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Karuturi Global Limited ('the Company') for the quarter ended 31st December, 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by The Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, *except as stated in the annexure to this report*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with Standards notified pursuant to the Companies Act, 1956 and the Companies (Accounting Standards) Rules, 2006 read with the general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For YCRJ and Associates,

Chartered Accountants

Firm Reg. No. 006927S


Yashavanth Khanderi

Partner

M. No. 029066



Place: Bangalore

Date: February 14, 2015

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YCRJ & Associates

Chartered Accountants

**ANNEXURE TO LIMITED REVIEW REPORT OF KARUTURI GLOBAL LIMITED FOR THE
QUARTER ENDED 31st DECEMBER, 2014 DATED 14-02-2015**

1. *During the quarter the Company has made Rs.334.20 lakhs of total sales turnover, which comprises local sales of Bud-wood and Root-stock amounting to Rs. 298.76 lakhs but the existing internal control and documents were not sufficient to satisfy ourselves that the recorded turnover is free from material misstatement.*
2. *During the quarter the Company has made Rs. 221.33 lakhs of the purchases, which comprises local purchases of Bud-wood and Root-stock amounting to Rs. 213.99 lakhs but the existing internal control and documents were not sufficient to satisfy ourselves that the recorded purchase is free from material misstatement.*
3. *The company has not provided proper stock-taking records and documents with respect to its inventory so as to ascertain the exact quantity and value thereof for our verification. The value of inventory shown as on 31st December, 2014 is Rs.130.67 Lakhs.*
4. *As per the information and explanation provided by the Company, total sundry debtors (net of advance received from customers) outstanding as at the end of the quarter is Rs. 1,869.28 lakhs, which comprises of overdue debtors, which are outstanding for a period of more than 180 days from the date they became due amounting to Rs.1,312.57 lakhs out of which Rs. 973.10 lakhs is due from subsidiary companies and other related party/ group concerns. However, the Company has not accounted for appropriate provision towards bad and doubtful debts for the above said amount.*
5. *The Company had applied for restructuring of the FCCBs with RBI, post receipt of approval of bondholders during the year 2012-13. However, the proposed restructure proposal is not in compliance with the ECB guidelines as stipulated in the RBI approval letter. Hence, the Company is under the process of re-approaching the RBI/ bondholders for the above matter. As a result of which, the company could not issue new bonds as proposed in the restructuring document. However, the company continues to make an additional interest provision for the extended period from 8th May 2013 to 31st December 2014 and the liability as on 31st December 2014 amounts to Rs. 39,432.15 Lakhs (US\$ 635.70 Lakhs) as per the previously agreed restructuring process with the bondholders. Since the restructure*



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proposal is not in compliance with the ECB guidelines as stipulated by RBI, we cannot comment on the provision of interest and the liability towards the bondholders. During the quarter ended 31st December 2014, the total interest on FCCB charged to the Statement of Profit and Loss amounts to Rs.615.44 lakhs and the exchange loss on account of FCCB liability amounts to Rs. 556.26 lakhs.

6. *This is to state that, we have conducted limited review of only the standalone financial results of the Company and we have not conducted any review of the consolidated financial results and standalone balance sheet of the Company.*

For YCRJ and Associates,
Chartered Accountants
Firm Reg. No. 006927S


Yashavanth Khanderi
Partner
M. No. 029066



Place: Bangalore
Date: 14-02-2015