



KARUTURI

GLOBAL PRESENCE. GLOBAL SUCCESS

Dated: 17th February 2015

To:

Manager - Listing
Bombay Stock Exchange Limited
Mumbai

Dear Sir,

Subject: Reply to Auditors' comments

Ref: Limited Review Report for the 3rd quarter ended 31st Dec 2014.

Company's reply to the comments made by the Statutory Auditors in the Limited Review Report for 3rd Quarter Results of 2014-15:

1. With reference to point no. 1 and 2 of the said Email, the Company's Sales and Purchase transactions are normally supported by valid documents such as P.O., 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. We would further like to submit that apart from certain intricacies related to the sectoral business there is no material misstatement.
2. With reference to point no. 3 of the said Email, records and documents for the stock taking were provided for auditing. Since the company is in Agriculture domain, stock taking is an elaborate exercise which was getting done only once a year; however based on the recommendation of the auditors, the same has been started on quarterly basis, which further needs to be strengthened. However please note that there is no variation from the accounting policies followed by the Company.
3. With reference to point no. 4 of the said Email, the Company has been making continuous efforts through telephonic conversations, emails etc. to recover the amount due from debtors and same is due for more than 180 days due to seasonal nature of our business. The company has not made any provision for bad and doubtful debts firstly since confirmation of balances has been received from the debtors and secondly since the Management of the Company is fully convinced and in no doubt that the said debts would be recovered. At the same time please note that the Company makes required provision in last quarter of the financial year unless there are peculiar circumstances, which will be carried out in the current financial year also. This is evident from the published annual reports of the Company.

Karuturi Global Limited

4. With reference to point no. 5 of the said Email, we submit that the proposed restructuring of the FCCBs is not in compliance with RBI Guidelines. However as a measure of abundant caution Company has made provisions for interest based on the existing proposal, the same will be reviewed and provided for at the time of final approval including RBI which is in line with the accounting principles and best estimates.

In the light of the above submissions, it can be seen that we did not have any intention to conceal any information, nor any unfair gain or advantage has occurred to the Promoters and also no harm or loss has been caused to retail investors.

Thanking you,

**Yours faithfully,
For Karuturi Global Ltd.,**



**BS Sridhara
Company Secretary**

