



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 30th September, 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. 0069275


Yashavanth Khanderi

Partner

M. No. 029066

Place: Bangalore

Date: 14-11-2014



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ANNEXURE TO LIMITED REVIEW REPORT OF KARUTURI GLOBAL LIMITED FOR THE QUARTER
ENDED 30th SEPTEMBER, 2014 DATED 14-11-2014.

1. During the quarter the Company has made Rs,312.45 lakhs of total sales turnover, which comprises local sales of Bud-wood and Root-stock amounting to Rs.281.69 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.137.89 lakhs of the purchases, which comprises local purchases of Bud-wood and Root-stock amounting to Rs.128.49 Lakh 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 30th September, 2014 is Rs.106.84 Lakhs.
4. As per the information and explanation provided by the Company, total sundry debtors outstanding as at the end of the quarter is Rs.1882.17 lakhs, which comprises overdue debtors, which are outstanding for a period of more than 180 days from the date they became due amounting to Rs.1531.08 lakhs out of which Rs.1059.49 lakhs 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 has not accounted for depreciation on fixed assets on the basis of remaining useful life of assets as per Schedule II of the Companies Act, 2013. Instead, it has accounted for depreciation as per the rates given in Schedule XIV of the Companies Act, 1956.
6. The Company is not having regular Internal Audit system and no internal auditor has been appointed for the FY 2014-15. In the absence of strong internal audit system we are not in a position to comment on the adequacy of the internal audit system existing in the Company.
7. 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.





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ENDED 30th SEPTEMBER, 2014 DATED 14-11-2014.

8. *The Company had opted for conversion of its Advance made to Karuturi Overseas Ltd (KOL), Dubai a wholly owned subsidiary to Equity investment, total amounting to Rs.6,188.50 lakhs (USD 100.00 lakhs). Consequently, an amount of Rs.1,541.03 lakhs has been transferred from the accumulated balance of Foreign Currency Monetary Translation Reserve (FCMTR) to Statement of Profit and Loss as exchange gain and treated as income during the quarter. As per para 15, read with para 31 and para 32 of the Accounting Standards-11 "The effects of changes in foreign exchange rates", the accumulated amount in FCMTR account can be transferred to Statement of Profit and Loss only at the time of disposal of net investments in the non-integral foreign operations and in our opinion, the said transaction of conversion of advance made to a non-integral foreign operation i.e., to a wholly owned subsidiary into an equity investment will not tantamount to disposal of net investment in the said subsidiary and in our opinion, the said amount of Rs.1,541.03 lakhs should not have been transferred from FCMTR to Statement of Profit and Loss. Hence, the above transaction constitutes a departure from the Accounting Standards-11 "The effects of changes in foreign exchange rates" as referred to in section 133 of the Companies Act,2013 resulting overstatement of income to that extent.*

For YCRJ and Associates,
Chartered Accountants
Firm Reg. No. 0069275


Yashavanth Khanderi
Partner
M. No. 029066



Place: Bangalore
Date: 14-11-2014