



BOARDS' REPORT

To the Members,

Your Directors have pleasure in submitting their Twenty Third Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

BUSINESS:

Karuturi Global Limited is the world's largest producer of cut roses and having a global presence in Asia, America and Europe. The company has its operations in India, Ethiopia, Dubai & Kenya, diversified into agriculture, floriculture and food processing producing Pulses, Oil seeds, Maize, Rice, Sugar, Cut roses, Plants production and distribution, Gherkins, Baby corn, Jalapenos, and Bottled pickles.

FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY:

The Company's financial performance for the year under review along with previous year figures is given hereunder:

Particulars	(Amount in Rs. Lakhs)	
	For the Year ended 31-03-2018	For the Year ended 31-03-2017
Net Sales /Income from Business Operations	22,959.12	22,612.76
Other Income	2,391.15	8,942.24
Total Income	25,350.26	31,555.00
Less: Depreciation	3,277.35	4,356.56
Profit after depreciation and other expenses	5,003.55	8,816.25
Less: Current Income Tax	0.03	74.98
Less: Deferred Tax	(15.81)	(384.34)
Net Profit after Tax	5,195.61	9,057.80
Earnings per share (Basic)	0.35	0.61
Earnings per Share (Diluted)	0.35	0.61

RESULTS OF OPERATIONS

During the financial year ended March 31, 2018 total revenue of the Company was Rs.25,350.26 lakhs as against the revenue for the previous year which was Rs. 31,555.00 lakhs. The Company has during the year under review has posted a net profit of Rs. 5,195.61 lakhs against net profit of Rs. 9,057.80 lakhs in the previous year.

SHARE CAPITAL

During the year, No Equity Shares to the shareholders have been issued. On March 31, 2018, the company's share capital stood at Rs. 1,49,75,31,526 divided into equity shares of Rs. 1/- each.

RESERVES

Changes in reserves is been disclosed in Notes to Accounts refer 2.2 table.

DIVIDEND

Your Directors do not recommend any dividend on the shares of the Company for the year under review.

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

The company will transfer the amount to Investor Education and protection Fund on due date as mentioned in the notice of the AGM, no unclaimed dividend is due for transfer to Investor Education and protection Fund.

DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL

The Board is duly constituted with Six present Directors of the Company are as below:

- Sai Rama Krishna Karuturi
- Anitha Karuturi
- Yeshoda Karuturi
- Mahendra Kumar Sunkara
- Sunil Gupta
- Ananth Chandrakanth Darshan

Ms. Yeshoda Karuturi retires at this Annual General Meeting and being eligible offer herself for re- appointment.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all Independent Directors of the Company confirming that they meet with the criteria of independence, as prescribed under Section 149 of the Companies Act, 2013 and Regulation 25 of the Listing

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Regulations. The Independent Directors have also confirmed that they have complied with the Company's code of conduct.

Key Managerial Personnel

Mrs. Khushboo Sharma was appointed as the Company Secretary during the year under review.

Mr. Ashok Herur, Independent Director of the Company resigned from the Board.

NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had 7 Board meetings during the financial year under review.

Sl. No.	Date of Board Meeting
1.	30 May 2017
2.	12 Jul 2017
3.	15 Aug 2017
4.	14 Nov 2017
5.	02 Feb 2018
6.	13 Feb 2018
7.	27 Mar 2018

SUBSIDIARY COMPANIES:

1. Karuturi Floritech Pvt Ltd. India
2. Karuturi Foods Pvt Ltd., India *
3. Karuturi Flower Express Pvt Ltd., India
4. Karuturi Overseas Ltd , Dubai
5. Flower Xpress FZE, Dubai
6. Yeshoda Investments Ltd, Kenya
7. Rhea Holdings Ltd, Kenya
8. Surya Holdings Ltd, Kenya
9. Karuturi Sports Ltd, Kenya.
10. Karuturi Hospital Ltd, Kenya
11. Ethiopian Meadows Plc, Ethiopia
12. Karuturi Agro Products Plc., Ethiopia
13. Surya Blossoms Plc. Ethiopia
14. Shiv Pack PLC, Ethiopia

*In the process of Winding up



MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which these financial statements relate on the date of this report.

SIGNIFICANT AND MATERIAL ORDERS

Karuturi Limited is Kenya is wound up pursuant to court order. Apart from it there is no other order passed by any regulators which has impacted the going concern status and operations of the company.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION DETAILS

The Nomination and Remuneration Board committee oversees the Company's Nomination process for Independent Directors and in that connection to identify screen and review individuals qualified to serve as an independent Director on the Board.

STATUTORY AUDITORS

M/s H.Muralidhar & Co were appointed as Statutory Auditor of the Company until the conclusion of this Annual General Meeting. Due to their preoccupation they have resigned. The Board recommends appointment of Messer K.G. Rao & Co., as Statutory Auditor of the Company at its Board Meeting held on 08.08.2018 from the conclusion of this Annual General Meeting upto the conclusion of 28th AGM in terms of the section 139(1) of the Companies Act, 2013. The Company has received a confirmation from the said Auditors that they are not disqualified to act as the Auditors and are eligible to hold the office as Auditors of the Company. The appointment norms are being complied with the section 141 and other applicable provisions of Companies Act, 2013

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The brief outline of the Corporate Social Responsibility ("CSR") initiatives undertaken by the Company on CSR activities during the year are set out in Annexure –B required under the provisions of Section 135 and schedule VII of the Companies Act, 2013. The CSR policy is available on the website of the Company.

The Company was in the process of evaluating the focus areas / locations of intervention for CSR activities to cater to the pressing needs of society and deliver optimal impact. As a socially responsible company, your Company is committed to increase its CSR impact and spend over the coming years, with its aim of playing a larger role in India's sustainable development by embedding wider economic, social and environmental objectives.



EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORTS

- a. The revised VAT returns during the first quarter, company could not file within the given time frame. However, Company is focused on statutory compliance to file on time.

SECRETARIAL AUDITOR

The Company had appointed Mr. Ajay Behera & Associates Company Secretaries, New Delhi, to conduct its Secretarial Audit for the financial year ended March 31, 2018. The Secretarial Auditors have submitted their report, confirming compliance by the Company of all the provisions of applicable corporate laws. The Report does contain certain qualification, reservation or adverse remark. The Secretarial Audit Report is annexed to this report.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE SECRETARIAL AUDITORS IN THEIR REPORTS

- a. *Company will take necessary steps to publish notice in newspaper.*
b. *The company had sent returns to Authorised dealer bank but due to want of information there was delay in filing returns with RBI.*

EMPLOYEE STOCK OPTION PLAN (ESOP):

The Company has commissioned its maiden Employees Stock Option Plan during the year 2006. Through this, the Company allotted 7,47,416 Equity Shares of Re. 1 each were allotted on exercise of options granted to the eligible employees of the Company into Equity Shares during the year 2012-13, for 2014-15 – Nil, 2015-16 – Nil, 2016-17-Nil and 2017-18 Nil.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company does not have any Risk Management Policy as the element of risk threatening the Company's existence is very minimal.

INTERNAL FINANCIAL CONTROLS OVER FINANCIAL STATEMENTS AND COMPLIANCE OF LAWS

The Company during the year has reviewed its internal financial control systems and has contributed to establishment of more robust and effective IFC framework, prescribed under section 134(5) of Companies Act, 2013. The Board of Directors is of the view that the existing financial controls adopted with reference to financial statements within the Company are adequate. The Company has a adequate systems and process to monitor and ensure compliance with applicable laws, rules and guidelines.

AUDIT COMMITTEE

The Audit Committee constituted by the Company meets the requirement of Section 177 of the Companies Act, 2013 as well as that of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements,) Regulations 2015 and the details of its composition are furnished in the Corporate Governance Report attached. There was no instance during the year where the Board had not accepted any recommendation of the Audit Committee

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee constituted by the Company meets the requirement of Section 178 of the Companies Act, 2013 as well as that of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements,) Regulations 2015 and the details of its composition are furnished in the Corporate Governance Report attached. The company is appointing one additional Independent Director and one Executive Director to fulfill all the obligations required under statute.

VIGIL MECHANISM

The Code of Conduct and vigil mechanism applicable to Directors and Senior Management of the Company is available on the Company's website at www.karuturi.com.

ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure A and is attached to this Report.

CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the Listing Regulations executed with the stock exchange, a management discussion and analysis, Corporate Governance report and Auditor's Certificate regarding compliance of conditions of corporate Governance forms part of the annual report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans, guarantees and investments form part of Note no 2.13, 2.12, 2.19, and 2.1 respectively to the financial statements provided in the full version of the Annual Report.

RELATED PARTY TRANSACTION

All arrangements / transactions entered by the Company with its related parties during the year were in ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any arrangement / transaction

with related parties which could be considered material in accordance with the Company's Policy on Related Party Transactions and accordingly, the disclosure of Related Party Transactions in Form AOC 2 is not applicable. However, names of Related Parties and details of transactions with them have been included in Note no. 2.3C, 2.18, and 3.6 to the financial statements provided in the full version of the Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not actively engaged in the consumption of energy or absorption of technology. The Company is however aware of its responsibilities and has at every available opportunities, used and implemented such measures so as to enable energy conservation. There has been no technology absorption involved.

The total Foreign Exchange Inflow and Outflow during the year under review is as follows:

Total Foreign Exchange Earnings Rs. 24,475.31 lakhs

Total Foreign Exchange Outgo Rs. 19,276.15 lakhs

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors has led down internal financial controls to be followed by the Company and such internal controls are adequate and operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. Some of the key criteria considered while conducting evaluation such as degree of fulfilling the key Responsibilities, effectiveness of Board process, information and functioning, Board dynamics and efficacy of communication with external stakeholders.

Independent Directors

A separate meeting of the independent Directors was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is furnished in Annexure to MGT-9

Particulars of Employees

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

While the Company has set up a Committee to look into the complaints under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, no complaint relating to sexual harassment at work place has been received during the year.



Details in respect of frauds reported by auditors under Section 143

The statutory auditors of the Company have not reported any fraud as specified under section 143 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force)

ACKNOWLEDGEMENTS

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Date: 14/08/2018

Place: Bangalore

Sai Ramakrishna Karuturi **Anitha Karuturi**

Managing Director

Director

