



OVERCOMING CHALLENGES DELIVERING PROMISES

A REPORT TO SHAREHOLDERS

Dear Shareholders,

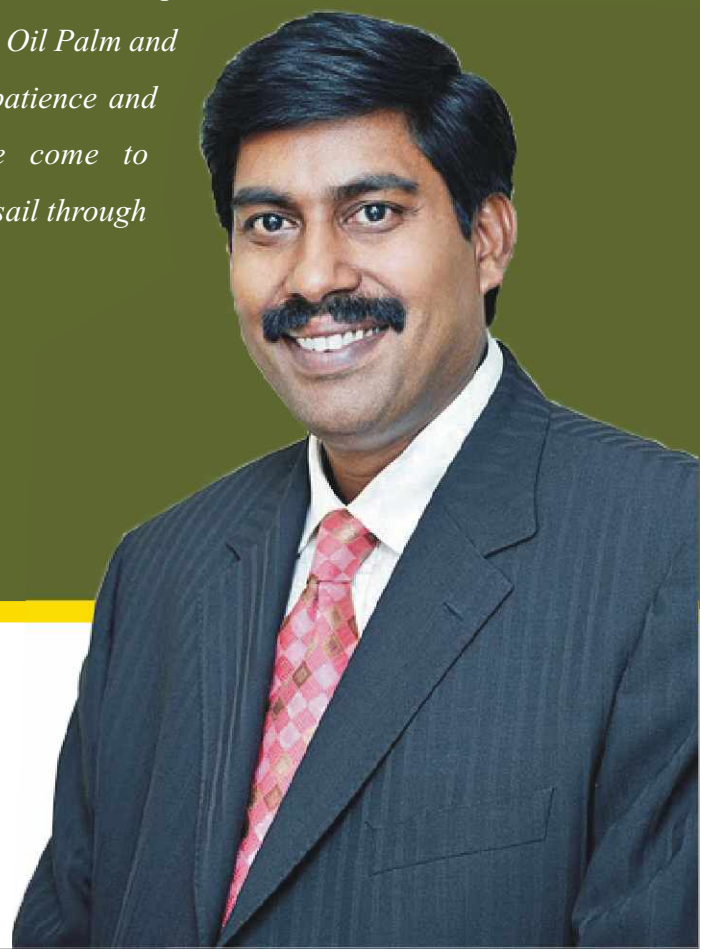
At the outset, my warm Greetings for Diwali & Best Wishes to each of you and also to your family and friends.

Over the past two weeks, I have received several communications from you regarding the future of the company. As promised during the conference call, I hereby present to you an update along with our perspective of the on-going business activities in the company.

I take this opportunity to share with you a brief note on our performance and future growth plan. The Karuturi team has been relentlessly working on restoring the investor confidence and we firmly believe that the only way to achieve this is through our performance. I am extremely proud of the courageous way in which our employees at the farm tried to restrict the flooding into the maize crop and the way in which they have managed to safeguard our Oil Palm and Sugarcane plantations. These acts, along with the patience and perseverance shown by our shareholders have come to characterize the spirit of Karuturi that has helped us sail through this challenge.

Regards

Sai Ramakrishna Karuturi
Managing Director



FLASH FLOODS UPDATE:

The water level in the flood affected areas of Gambela farm has receded substantially. We have commenced harvesting the maize crop in Bako farm and are expecting our first agriculture revenues shortly. The company has started preparations for the 2nd Season planting as under:

12000 Ha	: Maize and Rice
1000 Ha	: Sugar cane nursery
1000 Ha	: Oil Palm

The sowing will start in November / December 2011 and the harvest is expected most likely in February/March 2012. As per our current estimates, the yield is expected to be around 50,000 Tons of cereals resulting in potential revenue of approximately 20 Million USD.

STEPS TAKEN

The following measures have been taken/in the process of being taken by the Company to ensure that unforeseen events such as these do not affect our future crops. Some of the key measures are:

- Water and Power Consultancy Services (WAPCOS), has been providing us the consulting services in flood control and the design of irrigation & drainage systems to counter any future flooding.
- Water Watch, a Dutch advisory firm, has been guiding us with satellite information on hydrological processes and water management issues.

- We are building taller dikes surrounding the entire farm, which are four meters tall, nine meters wide at the bottom and three meters wide at the top
- Plans for the construction of the dikes are being finalized now and we will start construction soon. The plan is to cover 5,000ha of land per month and finish the project in five months covering 25,000 Ha of land. The rest will be covered in the next phase.

FINANCIALS AND EARNINGS UPDATE:

Karuturi has managed robust growth year on year. During the period FY06 – FY11 Karuturi's Revenue has had a CAGR of 71%, EBITDA has grown at 74.5%. The Profitability has grown tenfold with PAT growing from a modest USD 3 million in 2006 to USD 34 million in 2011 with a revenue of \$143 Mil Revenue in 2011.

The company has expanded its equity base from 33 crore shares in April 2008 to 80 crore shares in March 2011 in order to fund its growth plans. The EPS of the company is expected to move in the positive direction backed by the strong expected growth in the agriculture earnings. A recent ICRA equity rating for Karuturi dated June 15, 2011 has indicated an upward trajectory for the EPS as we move forward.

Total Revenue (Rs.in Mn)



PBDIT (Rs.in Mn)



PAT (Rs.in Mn)



FINANCIAL PERFORMANCE:

Karuturi is undertaking a mammoth task of land development and irrigation on 100,000 Hectares of land in Gambela and Bako in Ethiopia which is a capital intensive venture. Given the nature of business, we foresee several challenges in stabilizing agriculture revenues for the initial 2 years. The company is turning no stone unturned in establishing a strong foundation for our long term agriculture operations. Our Sugar cane and Oil Palm revenues are expected to start adding to our books by the year 2014. The Palm plantation is a crop for a minimum of 25 years. Globally, the per Hectare valuation of farm land has been estimated to be around \$3000 on the London Stock Exchange listed entities. The valuation for yielding Palm oil Plantation is around \$10,000 – 15,000 per hectare. Karuturi is planning 20,000 Ha of Palm plantations in its

first phase alone. Illustrated in the tables below is the Karuturi Financial Performance:

AGRICULTURE IN SUB-SAHARAN AFRICA: FAVORABLE DEMAND-SUPPLY SITUATION

COMESA region with a Population of over 400 Million is a huge potential local market in the Eastern part of Africa. Annual COMESA Maize Imports over the period 2004-2007 ranged between a total of \$ 500 - \$850 Million and that sourced from within COMESA was around \$40 Million. Current Commercial Food demand in urban Africa is over \$50 Billion market and is expected to cross \$ 150 Billion by 2025. The table below indicates the massive growth rate in the imports in this region.

Global COMESA Trade, 2000 - 2008, Values in US\$ Million

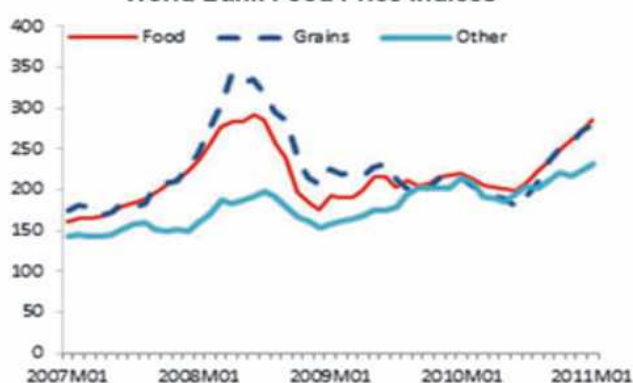
Flow	2000	2001	2002	2003	2004	2005	2006	2007	2008
Exports	13,964	12,977	34,659	46,185	57,004	75,355	99,023	105,044	154,563
Re-Exports	650	876	702	1,152	1,436	2,093	1,816	2,100	2,571
Total Exports	14,613	13,853	35,361	47,337	58,440	77,448	100,839	107,144	157,133
Imports	29,881	28,704	45,650	43,906	49,599	67,891	77,677	95,962	151,574
Total Trade	44,494	42,557	81,011	91,243	108,039	145,339	178,516	203,105	308,707

Source: COMSTAT Database and UN COMTRADE Database

The rising food prices have added more cause for concern. On an average, the World Bank Food Price Index has risen 33 percent above its level a year ago. Similarly, price levels of a number of major commodities are higher than their levels in July last year, for

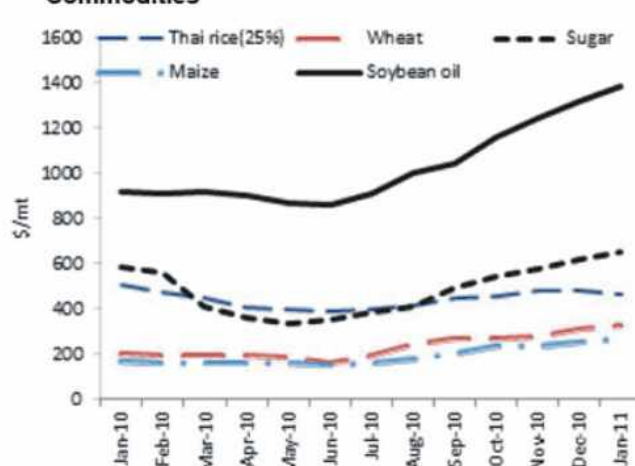
example, maize (84 percent), sugar (62 percent), wheat (55 percent). The commercial prices of Rice and maize have shot up from \$350/ton to \$750/ton. Sugar has gone up from \$700 to over \$1000 in the recent past.

World Bank Food Price Indices



Source: World Bank Development Prospects Group.

Global Prices of Key Food Commodities



Source: World Bank Development Prospects Group.

Karuturi has been working relentlessly to ameliorate the impending grave food crisis that this part of the world shall witness in the coming years. There are currently over 400 Indian investment projects in Ethiopia following the footsteps of Karuturi which shall undoubtedly have a beneficial impact on the lowest common denominator and ensure the fulfillment of basic needs of the local population.

The company plans to produce 300,000 Mt of paddy and 200,000 Mt of maize annually from development of the 100,000 hectares in Phase-I yielding annual revenue of around \$200 Mil. Karuturi's MOU with the Republic of Djibouti for annual supplies of 40,000 ton for its food needs at international market prices is a step in the right direction. Karuturi is also in the process of negotiating similar sovereign deals with Kenya and other countries.

FLORICULTURE REVENUES:

As far as floriculture is concerned, a steady growth through organic expansion is expected to continue and the profitability margins are expected to be stable. The operating profitability of the floriculture operation is expected to be stable at around 35% with the increasing competition offsetting the positive impact of increase in demand for roses and higher economies of scale of the company arising out of the expansion in operations. Please find a projection of the Floriculture Revenues as per the valuation done by ICRA Equity rating in the ICRA report dated June 15, 2011. ICRA has graded that the company is "moderately undervalued" on a relative basis considering a stock price during June, 2011.

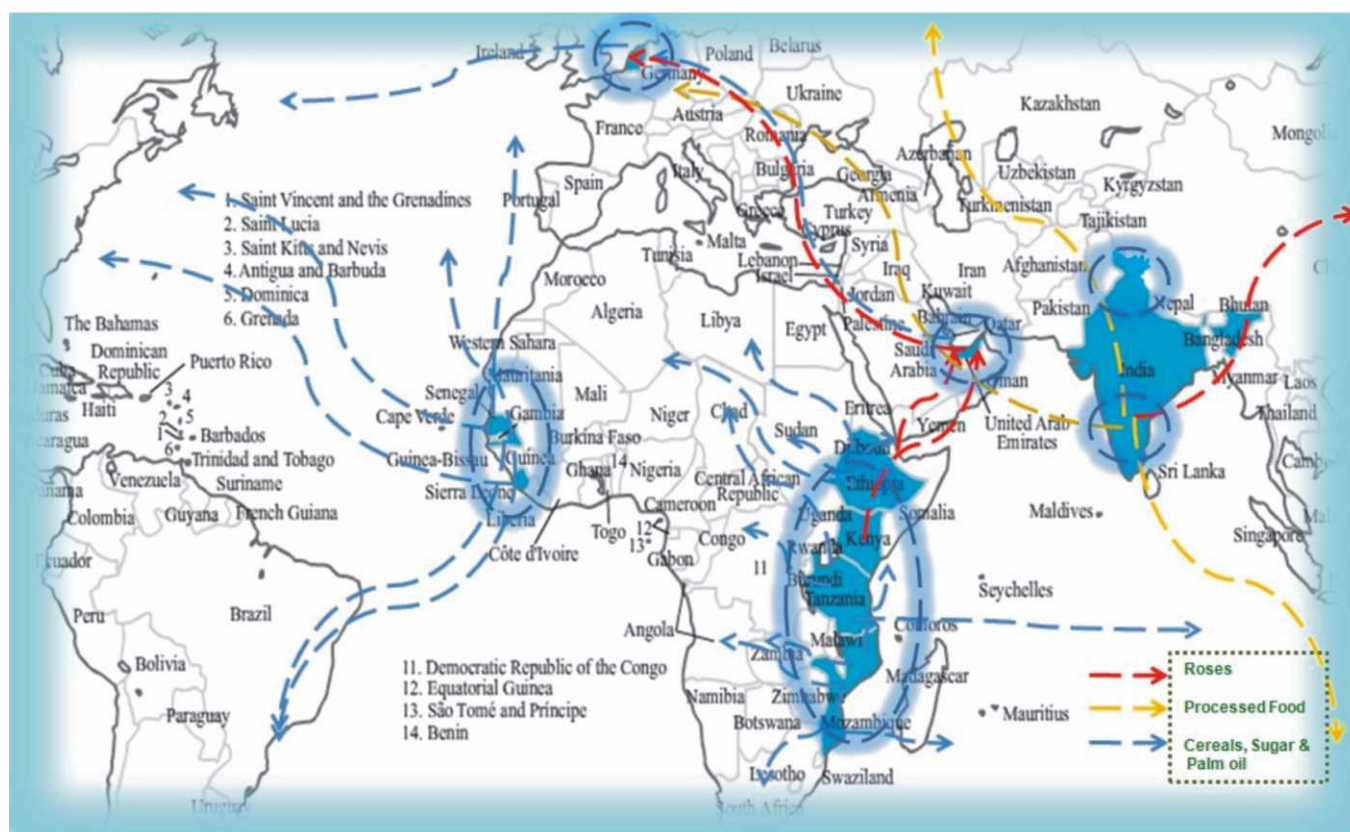
THE KARUTURI VISION:

As you are aware, Karuturi has evolved a business model where in the company shall build agro economic zones for agricultural farming and processing. The company shall develop virgin lands in Africa and build the irrigation systems, Warehouses and Processing Facilities. The farming operations and food processing shall be done by a Joint development partner and Karuturi shall operate on a revenue sharing model. In addition, the company shall provide auxilliary Agro services such as provision of seeds, fertilizers, agro inputs as well as the Hi tech Equipments for prcision farming on a usage fee based model. By doing so, Karuturi is mitigating the risk on crops in the business model and earning additional steady revenue through auxilliary services. This model is planned to be replicated across other countries such as Tanzania, Mozambique on the East coast and Sierra Leone and Senegal on the West Coast. Karuturi is providing the opportunity to partner for joint development to a wide

range of investors across India, Latin America and USA. The company has already had an outstanding response from Punjab Farmers who have taken up around 10,000 Ha of farm land for cultivation. A leading Rice Mill from India with operations across USA and Middleeast has signed an MOU for setting up a Rice mill in Gambela farm and a leading Indian Sugar manufacturer with International Operations is in discussion for Sugar Mill in Gambela. The company is currently in talks with Business groups for a Oil Palm processing partner. These farming investors have an ideal platform for undertaking agro ventures by partnering with Karuturi.

Karuturi has always acted in the best interest of the investors. Annexed along with this report is an Earnings Report of 2005-2006. On mapping the promise in the note with the performance of the company, you shall notice that the company has been sincerely delivering the promises and shall continue to do so.

The agro economic zones of Karuturi shall not only provide employment to the locals in farming operations but also provide them basic amenities such as food, drinking water, education and healthcare. Karuturi has an ambitious vision of bringing 3 million hectares of land under cultivation by the year 2025 through partnerships and joint ventures on revenue sharing model. Gambela in Ethiopia shall be the first such agro economic zone which shall be complete by the year 2015 after which replicating the model with the resources in hand shall not be a major challenge. The map below illustrates our proposed global operations:



KARUTURI'S OPERATIONS - SOME SNAP SHOTS:



Corporate office: Karuturi Global Ltd., 204, Embassy Center 11, Crescent Road Bangalore - 560 001 INDIA.
Tel: 91 80 40809000 Email: info@karuturi.com www.karuturi.com

Ethiopia
Ethiopian Meadows Plc
New Bright Tower Building
2nd Floor, PO No. 181755
House No. 2303-U
Bole Subcity, Kebele – 03
Tel: 00251 11 6632437 / 38 / 39
Fax: 00251 11 61 83171

Kenya:
Karuturi Ltd.,
Moi South Lake Road
PO Box – 729, Naivasha,
Tel: 00254 505 0001/2/3
Fax 00254 502021058

Dubai:
Karuturi Overseas Ltd.,
P.O. Box 28817, Dubai
Tel : 04-2820811;
Fax : 04-2820812
Email: msdubai@eim.ae

Holland:
Karuturi BV
Post Bus 1423
1430 BK, Aalsmeer,
Tel: 0031 (0) 297 39 57 95