Karuturi Global Limited
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url : karuturi.com • CIN : L01122KA1994PLC016834

Date:09/04/2018

To
The Bombay Stock Exchange limited.
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

The Manager- listing
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No. c/1, G Block,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Sub: Karuturi Global limited News Letter March 2018

As per Regulation 30 of SEBI (LODR) Regulations, 2015. Please note that:

We are publishing the attached Newsletter on our Company's Official Website and also we are furnishing the same newsletter to our respective Shareholders.

This is for your information and records.

Thankingyou,
Your's faithfully

For Karuturi Global limited

Sai Ramakrishna Karuturi
Chairman and Managing Director

QUARTERLY NEWSLETTER



BEAUTIFUL FLOWERS
KARUTURI

MARCH 2018

PRESS RELEASE

Phoenix Group announces investment into Karuturi global

Nairobi, 19th March 2018: The US $2 billion Phoenix Group, a global agricultural and food company engaged in the production, procurement, processing, merchanting and distribution through its integrated supply chain announced today an investment in Karuturi Global's operations in Kenya.

The investment comprising of a blend of debt and equity is expected to help Karuturi meet its current debt obligations and leapfrog it towards restarting its operations following the conclusion of a 4 year receivership period in Kenya.

Mr. Gaurav Dhawan, Executive Chairman of Phoenix Group said "the investment into Karuturi was a part of the firm's expansion plan of the farming business which has a unique distributed matrix strategy across geographies and farming techniques. This investment is timely and adds floriculture and Kenya to our growing basket."

"Karuturi fits extremely well on the Group's farming pillars of sustainability, impact and traceability. We are excited to contribute to the revival of Karuturi thereby enabling the 2200 strong work force of largely women and youth to come back to work. We only await certain clarifications from the court to initiate the process," Mr. Dhawan further added.

Karuturi Global's CEO, Mr. Ram Karuturi announced that Phoenix Group's investment means the firm can repay its debts as obligated by the High Court of Kenya, in a week or less.

"On January 19, 2018 the High Court ruled in favour of closure of the dispute between the two parties based on a compromise affidavit filed. Karuturi was obligated to pay the court approved amount and redeem the farm in the next 90 days. The Karuturi Group has always been determined to resolve the dispute amicably and restart operations," said Mr. Ram Karuturi.

Karuturi Global employs over 2200 workers, its residential camps housed 10,000 people and the firm's primary, middle and secondary schools have a population of more than 2000 students. Despite the unfortunate series of events in the last 4 years, the workers housing and children's schooling have remained undisturbed.

In addition to the school and housing scheme, the flower firm also operates a village mortuary and a 100-bed hospital serving about 30, 000 people a month.

"We are committed to re-employ all our ex-employees and re-establishing all their social benefits. At the same time, our football team is being revived and shall play competitive soccer soon. Our aim is to continue being a socially conscious leader in the floriculture industry," added Mr. Ram Karuturi.

He, further said, "Karuturi is a fair trade, fair plant accredited grower and MPS accredited. We use indigenous greenhouses, which are powered in-house through biomass. We use the hydroponics method of cultivation and fertigation techniques for irrigation. In 2009 we were awarded for Excellence in the Workplace by GBC for providing the best possible working conditions to our workers. Our workplace efforts focuses on educating employees about health risks, giving them access to screening and testing, and providing treatment where necessary."

KARUTURI KENYA

This newsletter features our operations in Kenya and its impact in the industry as well as the community.

10% MARKET SHARE OF EUROPEAN MARKET

5% OF FLORI EXPORT BY VOLUME IN KENYA



Karuturi invested $65 million in 2007 to acquire

500 acres of land

with 125 Ha of greenhouses, producing

330 million roses

annually for export to Europe.

ANNUAL SALES: $ 60 MILLION

FLORI EXPORTS: $56 MILLION

Karuturi accounts for

8.5%

of Kenya's exports of cut flowers

Karuturi Football Team is

Top 5

National Teams

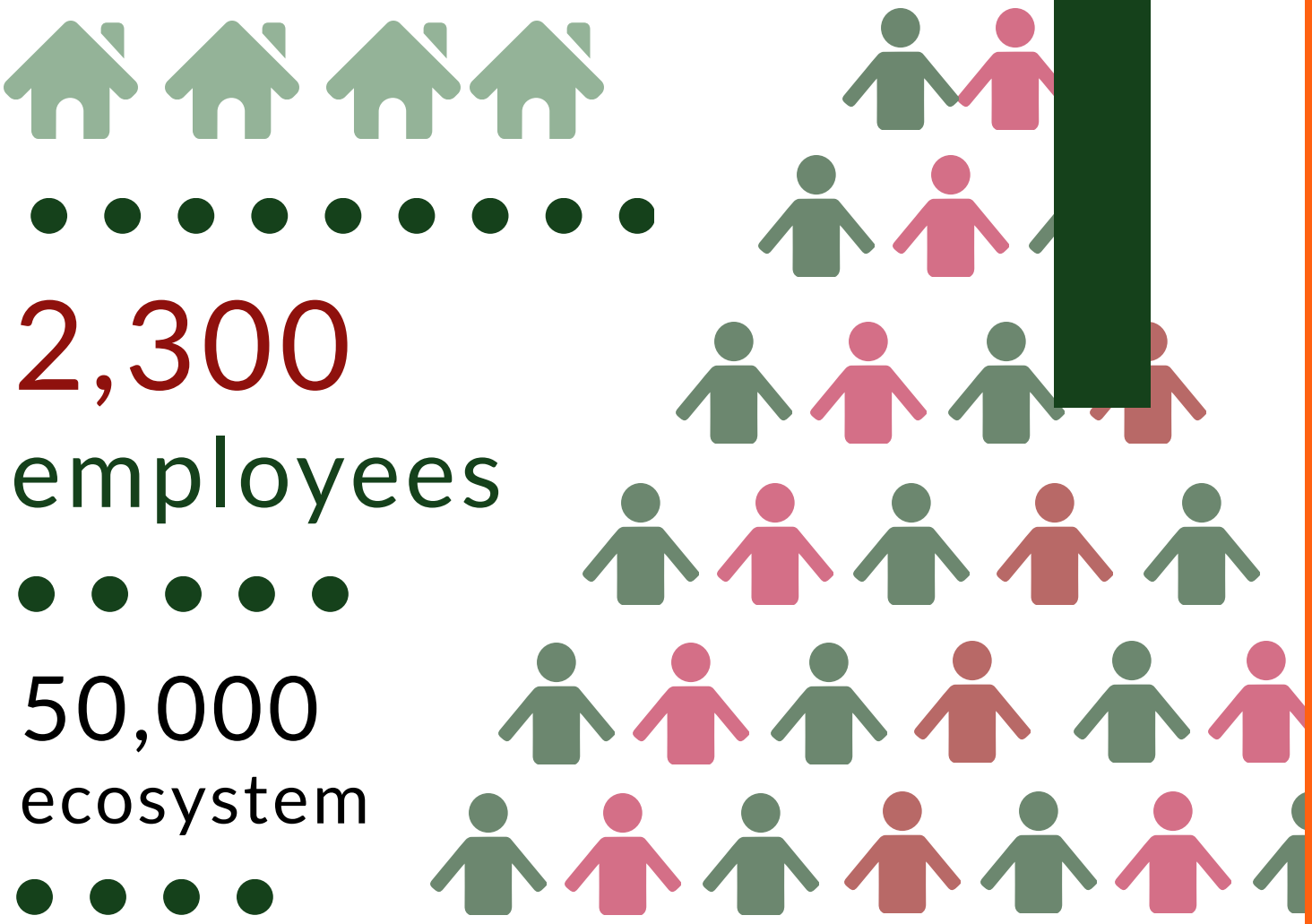


EMPLOYMENT

Karuturi provides

2,200 houses

for all employees with power, sanitation and water, free of charge



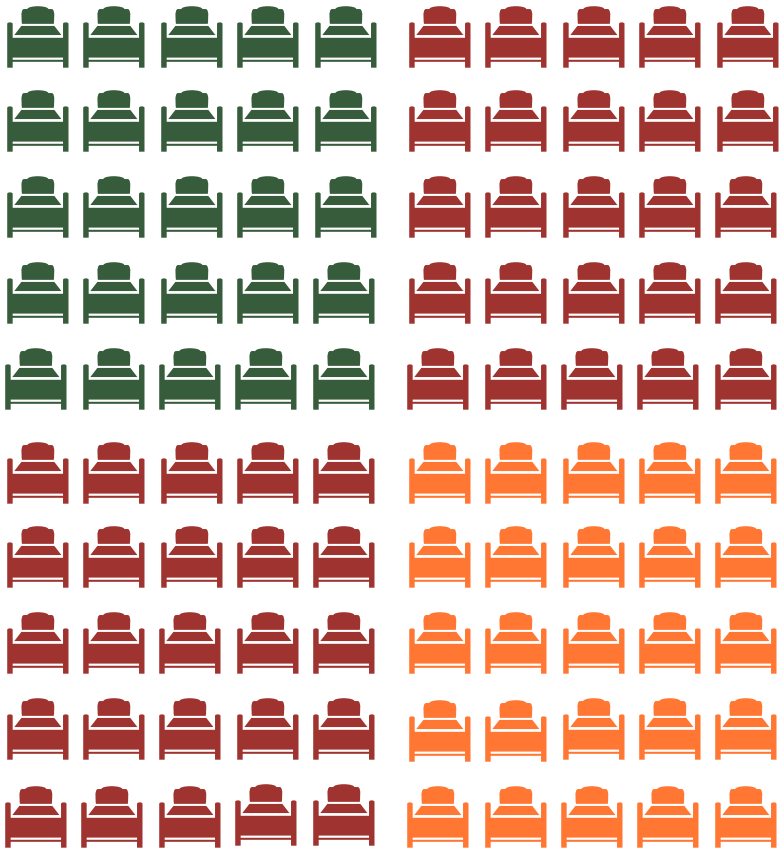
2,300 employees

50,000 ecosystem

OUTREACH

Karuturi Hospital provides:

100 beds



- NHIF approved
- Operation Theatre
- Micro-biology lab
- X- ray machines
- Facilities for family planning
- AIDS awareness
- In-house pharmacy with an out-patient block



Primary, secondary & high schools free of charge for:

2,200 children



US AID APTHA GOLD AWARD: LEADERSHIP IN EMPLOYEE HEALTHCARE

EMPLOYEE SPOTLIGHT:

IBRAHIM LUGANDA

Maintenance Manager, Kenya

Ibrahim has worked for Karuturi since 2007, when Karuturi began operations in Kenya. Ibrahim graduated with a diploma in Mechanical Engineering at the Technical University of Kenya and began working in Karuturi as a supervisor in the Maintenance Department. He was then promoted to Manager in the same department and is responsible for building, plumbing, greenhouse construction and electrical work. This department forms the backbone of the farm. Through his active involvement in the farm, Ibrahim is also very familiar with other departments such as gradings and production, leading to his keen interest in flower farming.



INTRODUCING:



Established in 2000 as a Rice Trading company in Singapore leveraging the expertise of the founding shareholders, PHOENIX has evolved into a multi-dimensional global Agri-foods and Resources business. Already amongst the global top 3 international rice trading companies, Phoenix Group is on track to become the world's largest rice business by volume. The company's flagship rice brand "Happy Family" is today the leading pan African rice brand, reaching countless households across Africa and loved by millions of customers.

Today Phoenix operates 10 business verticals in 22 countries many of them integrating strategic assets along the supply chain volume of 11Million MTs generating revenues in the excess of US$ 2 bn. The company is management owned and employs over 2500 people with its central operations in Dubai, UAE.

PHOENIX

Key strengths are:

- human capital
- extensive geographical & product diversification
- merchanting & logistics expertise
- deep local connectivity
- balanced asset integration supported by strong financial
- risk management infrastructure.



"We take pride in creating sustainable growth, in ways that add value to our employees, farmers and the communities throughout our supply chain."

KARUTURI IN THE NEWS

Karuturi, Stanbic trade fraud claims in debt war

THURSDAY, MARCH 22, 2018 10:27

Troubled flower firm Karuturi has accused a local lender that assumed control of the company during receivership of using the receivers and managers to suppress its sales by more than Sh2 billion to justify disbursement of more loans and prevent it from coming out of forced management.

Karuturi, which is one of the world's largest flower firms, accuses Stanbic Bank CFC • 91.00 of working with the receiver managers to suppress the company's sales and inflate expenses to justify the granting of fresh loans in form of bank overdrafts to the flower firm. The bank denies the allegations.

Karuturi made the claims in response to a suit that Stanbic Bank filed in court seeking settlement of a Sh1.8 billion debt.

Stanbic-appointed receiver managers are accused of suppressing flower sales and of using suppressed currency exchange rate to the disadvantage of Karuturi during the receivership.

Minui Thoithi and Kuria Mucheru were appointed Karuturi's receiver managers in 2014 after Stabic went to court over the flower firm failure to meet its financial obligations.

Two months ago, High Court Judge Francis Tuiyott directed owners of Karuturi - Surya Holdings Limited and RHEA Holdings Limited- to settle Stanbic's Sh1.8 billion loan in 90 days or face auction in default.

Karuturi, which exports more than one million stems annually, went into receivership in February 2014 after it failed to pay Sh400 million loan from CfC Stanbic.

The debt has since grown to Sh1.8 billion, including expenses the bank incurred in the receivership operations in the wake of a trading deficit.

Owners of the flower firm have disputed the amount.

"In any event, there was no trading deficit as alleged, or at all. What was happening was a total manipulation of the trading figures to generate a trading deficit, and as a justification for the bank to inject additional funds, at the expense of the plaintiffs herein, who were not party to the said trading activities," Karuturi owners have argued.

Justice Tuiyot however directed that the whole amount to be settled, noting that the owners -- Surya Holdings Limited and RHEA Holdings Limited — had admitted the pre-receivership debt and the post-receivership debt had been assessed by an audit firm selected by their consent.

Owners of Karuturi have disputed the Sh1.3 billion debt accrued during the receivership, but the judge ruled that the amount can be refunded if owners prove their case at the end of the trial which is pending in the commercial division of the High Court.

Justice Tuiyott declined to delve into the merits of Karuturi owners' claims of impropriety during the receivership noting that although the report had given the bank and receivers a clean bill of health, a decision on the allegations could only be made after full hearing and upon hearing the auditor's defence of the report.

"The court will grant the plaintiffs an opportunity to disprove the findings of the auditor. For that reason the court restrains itself from making a holding that the findings of the auditor constitutes a final ascertainment of the post receivership debt," said Justice Tuiyott.

Karuturi owners have argued that the report failed to point out instances of mismanagement by the receivers and ignored the facts made available to them.
Audit firm Deloitte, has compiled a report showing that Karuturi accumulated $6.7 million (Sh676 million) debt during receivership, which has accrued a $2.7 million (272 million) interest, bringing the total amount to $ 9.1 million (Sh9191 million).

Owners of Karuturi have asked the court not to hold them liable for the new debt, because it was disbursed without their consent.

Productions of stem

Karuturi owners have challenged the alleged discrepancies in the volume of flower stems produced, and the sales as contained in Deloitte report.

The flower firm has maintained that there was no justification for classifying about 86 million flower stems out of the total 474 million flower stems graded as rejects.

The Deloitte report had indicated that only 9 million flower stems were unaccounted for and that total production peaked at 403 million out of which the receivers reported that only 373 million stems were sold.

The audit firm is accused of producing an erroneous report that excluded re-bunched and mixed flowers.

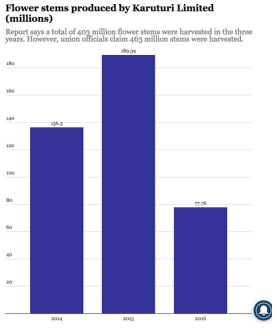
Karuturi owners claim that at the rate of 0.09 Euros per stem and using exchange rate of 1.05 of Euros to the dollar, the 86 million stems allegedly unaccounted for translates to $8.1 million (Sh818 million).

The owners further claim that the Sh2.7 billion sales that the bank reported translate to 305 million flowers, leaving about 70 million flowers worth $9 million (Sh909 million) unaccounted for.

The Deloitte report indicates that in October 2014 the Karuturi receiver incorporated a company called Twiga BV in the Netherlands to help it handle marketing, sales and invoicing and that most of the sales were thereafter channeled through Twiga BV's bank accounts.

Stanbic, through the receiver managers, is further accused of using suppressed exchange rates when converting from Euro to the dollar leading to loss of $4 million (Sh404 million).

Stanbic has in response argued that the alleged discrepancies are erroneously derived and



Owners Karuturi this week announced they had reached an agreement with Phoenix Group for a "blend of debt and equity" that will help them meet current debt obligations and restart operations.

KARUTURI- ETHIOPIA



His Excellency President of Ethiopia on his recent visit to our farm in Gambella, interacting with the Karuturi team on February 16, 2018

THE Reporter
FREE PRESS FREE SPEECH FREE SPIRIT

Karuturi close to settling dispute with gov't

31 March 2018

By **Birhanu Fikade**

After a year-long dispute with the government of Ethiopia following its harsh exit, Karuturi Agro Products PLC — a subsidiary of the India-based Karuturi Global Ltd — is coming back to restore its agricultural investments in Ethiopia, *The Reporter* has learnt.

In a telephone interview, Sai Rama Krishna Karuturi, Chief Executive Officer (CEO) of Karuturi Global, told *The Reporter* that his company will resume operations following reconciliation with the Government of Ethiopia. The reconciliation process happened with the involvement of diplomats, he said.

It is to be recalled back in September last year Karuturi wrote a compliant letter to the outgoing Prime Minister Hailemariam Dessalegn and demanded compensations for the "illegally nationalized properties".

In a four-page letter dated September 20, 2017, which *The Reporter* has received, Ram Karuturi writes: "We have been struggling to survive in a ***hostile & belligerent post-Meles era for FDI*** in the last three years; we stand tired and defeated and wish to exit Ethiopia as the last nail in the coffin was to unilaterally and illegally cancel our investment and trade license." He further requested to re-export farm equipment and machineries.

However, now, according to Ram Karuturi, it is a past story and a new chapter has been turned. A new business plan has been submitted to authorities and investment and trade licenses have been renewed.

However, according to Mekonnen Hailu, public relations director at the Ethiopian Investment Commission (EIC), is under scrutiny. "They have requested the service for investment license which is under review."

The Reporter has learnt that the Ethiopian Horticulture and Agricultural Investment Authority (EHAIA), has refused to issue a support letter Karuturi has requested for. Efforts to include comments from officials of EHAIA were unsuccessful. Abera Mulat, Deputy CEO of EHAIA was unable to answer phone calls.

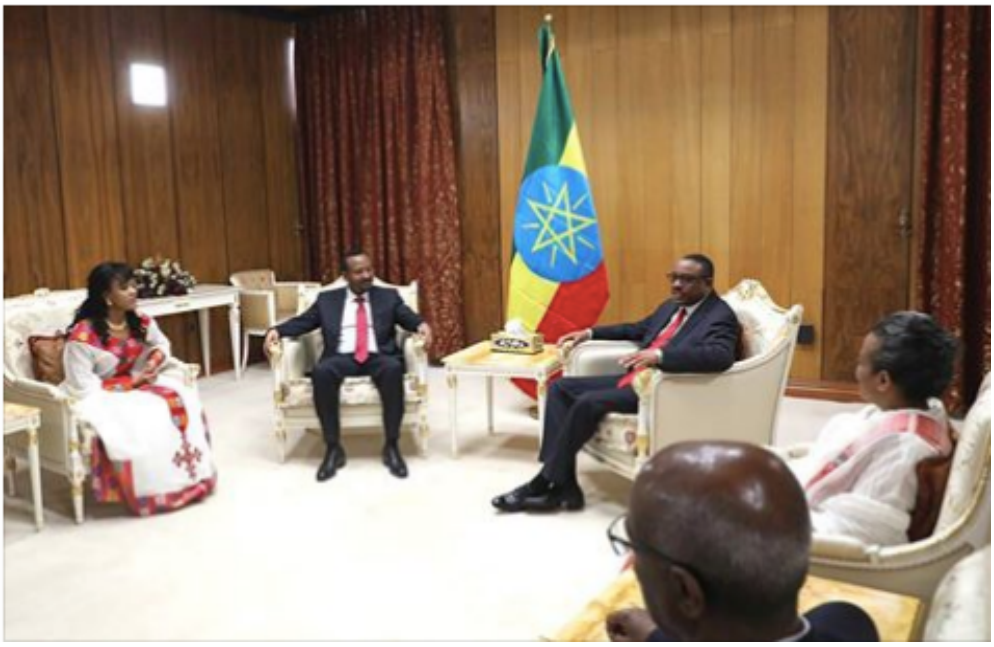
Furthermore, a group of officials led by President Mulatu Teshome (PhD) and officials from the Ministry of Agriculture and Natural Resources have visited bared farms of Karuturi in Gambella Regional State.

Following its acquisition of 300,000 hectares of vast farmland, which later dwindled into 100,000 hectares of land, Ram Karuturi and his multinational faced global media outcry to denounce him of land-grabbing which he rejects any wrong doings.

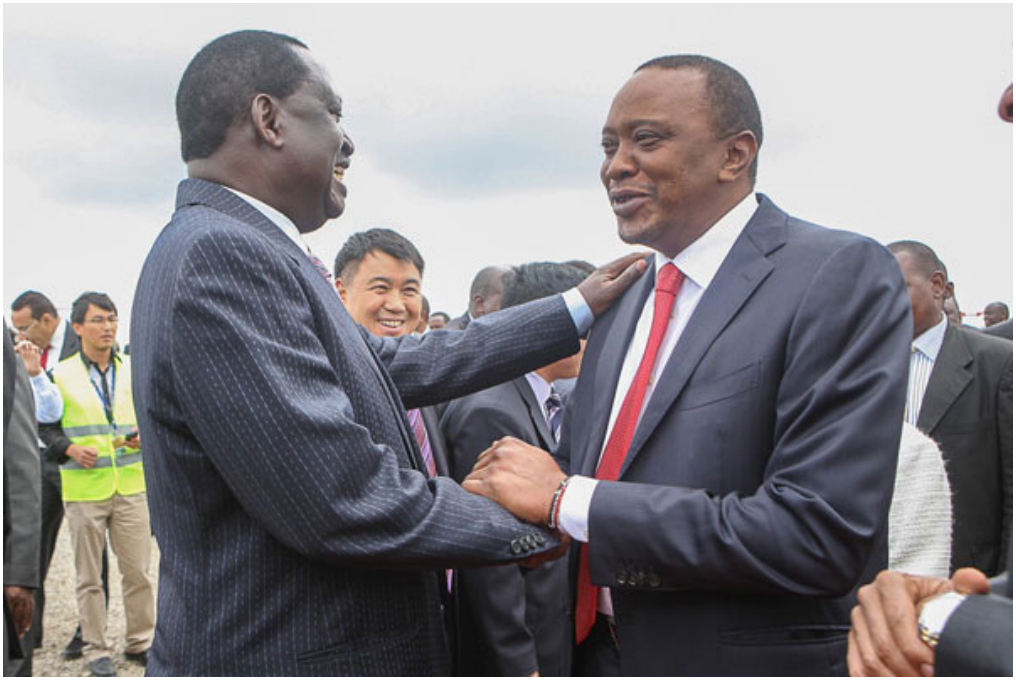
Claiming an investment worth of USD 75 million and 4000 jobs since 2004 in Ethiopia, Ram Karuturi says he is geared to relaunch operations not only in Gambella but also in Wolliso, Holleta and Bako farms, where he used to run floriculture businesses.

Karuturi while in Kenya, currently is re-establishing an office here and his aides are handling pending court cases and other disputes with other businesses the company has been entangled with for some time.

POLITICAL HIGHLIGHTS



Smooth transfer of power- HE Abiy Ahmed Ali, the new PM of Ethiopia is from the dominant Oromia Region and replaces HE Haile Mariam Desalegn



Reconciiation between NASA and Jubilee Leaders, settling election-led differences. The famous handshake between HE President Uhuru Kenyatta and HE Raila Odinga, former PM, bringing much needed peace to Kenya