

23RD ANNUAL REPORT  
2018

---

# A NEW DAWN

---

KARUTURI GLOBAL LIMITED

Goals  
Challenges  
Opportunities  
Strategy

# DEAR SHAREHOLDER,

Once again, the time of year has come when I can address you, the shareholders of Karuturi. It is an enduring privilege that Karuturi retains so many committed shareholders who are actively engaged in the company's management and who have never faltered in their support for the company. It is this community that pushes us forward every year.

Karuturi was started in 1994 and grew from a simple rose farm to something much larger: we went across the ocean to Africa and found opportunities for investment and growth in Ethiopia and Kenya. From owning the largest rose farm in the world to taking on an agri projects of a scale unimagined before: Karuturi has not shrunk back from any of the challenges in its way.

Every year I endeavor to address you in a frank and honest manner and to bring to you not only the company's aspirations and goals but the realities it faces as well. This year we have tried to continue and extend that tradition of honest communication and an active partnership by sending out quarterly newsletters with notable updates in the business. We have also started an official company twitter account to give shareholders an avenue for expressing their interests, questions and concerns: to ask Karuturi what they want to hear, and to give us a chance to address these promptly.

The annual report will continue this conversation and give you, the shareholders, a much more detailed view of the state of the company as well as a broader idea of where we are headed.

As the previous report outlined, the environment for the past few years has been hostile for a host of reasons: changing government policies, political instability, natural disasters and the punitive actions of lending banks. Nevertheless, Karuturi continues to march on towards a new horizon: never losing nerve.

This year we have made great headway towards a more robust company with a strong future of growth.



A screenshot of the Karuturi Global website and its social media presence. The website header includes the company name, a photo of a greenhouse, and navigation links for Home, About Us, Directors Team, Investor Relations, Financial Reports, and More. Below the header, there's a section for "Welcome to Karuturi Global Limited." A Twitter feed shows posts from @Karuturi\_KGL, including one about breaking ground in Gambia and another about reaching 50,000 employees in Kenya.

## INDIA

India is where Karuturi's story began, and it continues to be the home ground where we bat strong. This year Karuturi's Doddaballapur farm has been under the process of being revamped with the latest in agricultural technology so that the farm can stand as a shining example for the company and for the future of agriculture.

The farm is being remade with a new age hydroponic system of growing. Hydroponics is a new way of growing plants in a water based, nutrient rich solution. By using an inert medium to support the root system, the hydroponic system allows the plant roots to be directly in contact with the nutrients it requires and sufficient oxygen, which boosts their growth.

This state of the art system will minimise the water stress risk faced by the farm as it uses water efficiently, without wastage. It will also help reduce costs in the long run as fertilizers are distributed through a smart system, bringing the overall wastage down. Hydroponics will result in effective material management methods that reduce the labour per hectare from the industry standard of 15 per hectare to 5 per hectare. It also promises to increase production on the farm and increase stem lengths, which will boost the profitability of the farm.

The innovative and path breaking technique of increasing plant density from 65,000 plants to 100,000 plants is happening as this report goes to print. Not only is this system better for business, it is also better for the planet: making the most of the resources available and getting the best result from them.

Karuturi has spent two decades at the forefront of thought and implementation in floriculture industry in India and overseas. To go where nobody has gone before and to tread the path of leadership: that is the Karuturi way! This step is another in this long journey.

Mr. Ram Karuturi has taken over presidentship of South India Floriculture Association (SIFA). To further the mission of developing the floriculture industry, he's leading the charge to convert the physical auction to an internet enabled auction. This move would throw open the doors to the auction and bring it into the future, enabling growth and creating a larger marketplace for future endeavours. By allowing anybody to buy flowers online, the online auction would increase both the depth and the breath of the industry. Unshackling the auction from its physical form means greater variety of interactions and a lower barrier of entry: creating a thriving exchange of information and a bustling business.

# ETHIOPIA

In February 2018, Ethiopians rejoiced as they welcomed a new government. Leading this government was Dr. Abiy Ahmed, a 42 year old leader of the Oromo People's Democratic Organization.



Like a gust of fresh air revitalizing the country, he has come in with energy and purpose: and the results are already showing. This dynamic leader promises to make Ethiopia a regional power with a vibrant and stable democracy. With Ethiopia poised to aggressively pursue the country's developmental agenda, Kärturi is right there as the partner to drive that engine.

Within a few months of being in power, Dr. Ahmed on June 5th agreed to a peace agreement with Eritrea, putting to bed a conflict spanning approximately 20 years. In a refreshing turn of events, an ideological battle was put to rest by practical considerations, a spirit of reconciliation and an eye towards the future. Both countries rejoiced this turn of events, with people in Ethiopia calling strangers in Eritrea simply to celebrate the arrival of a free future! In the same vein of moving forward from an entrenched past, Dr. Ahmed also came forth to candidly discuss past human rights violations in Ethiopia.



Karuturi has been invited by the Government to discuss amicably the grievances of the past few years, which have put both the government and Karuturi at loggerheads over ideological matters and resulted in a stalemate to the detriment of both parties.

After several rounds of discussions, inspired by the spirit of reconciliation sweeping the country, both parties have come together with a win-win compromise. Karuturi has withdrawn all our cases against the government of Ethiopia and accepted a fresh land concession in Gambela. In Holeta, Karuturi has paid the workers compensation and is looking forward to an extended land lease. This among other efforts will result in floriculture farms in Ethiopia to be operation in early to mid 2019.



#### BUSINESS

### Karuturi to start afresh in Ethiopia

21 April 2018



The Gambela farm has been restarted, with planting happening in full rigor as all hands come on deck. Machines are being mobilized, the ground woken up and seeds for the future are being sowed: making the best of the season. Learning from our experience in the region, the land in Gambela now comprises of land that is above the Baro River's flood level, with the primary planting in the Illiya region.

The Gambela farm is being used to grow Soya. The area has immense potential as the soil is rich and is protected from any natural disasters. Soya beans are one of the most heavily traded commodities in the world as they are used for both animal stock feed and human consumption after processing.

We expect this to be the start of a sustained growth that will revive Ethiopian operations and bolster a strong floriculture and agriculture presence in the country.



# KENYA

In Kenya, the battle for Karuturi's farm has come to a head: the farm should soon be back in the company's possession.

The prestigious law firm, Ngatia and Associates Advocates are representing Karuturi in the case.

Former Karuturi workers who were hoodwinked into signing an affidavit supporting the Receivership, without being made aware that they are signing over their right to their benefits have now been protesting against CFC Bank and its Receivers. The 3000 former workers of Karuturi are protesting the loss of their livelihoods, service benefits and demanding answers for the mismanagement of the farm by CFC bank and its Receivers. The workers have approached local government authorities, law enforcement as well as the Central Bank of Kenya and the Ethics and Anti-Corruption Commission in investigating the practices of CFC Bank and its Receivers. They have received assurances that action is being taken to investigate this matter.

The Receivers have also tried to evict the former workers from the housing provided to them by Karuturi, an act for which they have faced media backlash and protests of increased intensity.

The protests by the former workers also drew media attention the ongoing legal case between Karuturi and CFC Bank and has garnered attention online as Kenyans have taken to twitter to express themselves and question CFC Bank about their dubious actions. There has been an outpouring of support for the former workers of Karuturi and their plight without the Karuturi farm.

The Kenyan Wall Street

## Karuturi workers Accuse CFC Stanbic Bank for malpractice

by Kenyan WallStreet — June 6, 2018 in Kenyan News

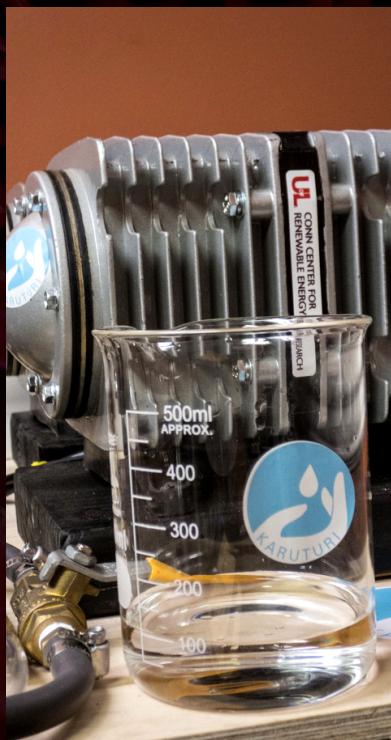
FORMER KARUTURI EMPLOYEES  
PO BOX 729,  
NAIVASHA  
0718662161

# KUBED

Karuturi has invested in a research effort which will result in an Air to Water Generator and saw the first prototype of this product being produced this year. The product takes in surrounding air and turns the moisture content into water that can be used. This system promises to have huge potential as the water contained as humidity in the air is approximately 8 times as much water as is contained in all the rivers of the world. The research efforts were especially concentrated on making this system energy efficient so that it can be run completely on renewable solar energy.

To understand the revolutionary power of this product, it is important to look at the history of civilization.

From the earliest civilizations to our very own today, the first building block to settlement is access to a water source. Even today we are shackled to this requirement, which has constrained our land development and ability to grow. No longer will rivers and natural water systems be the deciding factor in settlement, and crises like the drought in California and the water shortage in South Africa hold people to ransom. By bringing a sustainable water source even to the most arid and dry places on Earth at an affordable price, this project will change the way water management works in the world.



It's been a busy year: lots of hard work and planning from the past few years has finally come to fruition and the gears are once again turning and the engine whirring. Karuturi is ready to hit the ground running: weathering the storm has only made the destination sweeter and the determination to get there stronger. The challenges of the past few years have brought valuable lessons, clarity and insight.

As a shareholder, you believed in Karuturi when we set our sights on the horizon and made the bid to grow a little bigger, walk a bit further and dream a little bigger. You saw the rise of Karuturi: the ambition, the accolades, the impact. You also saw the flipside to the rise: the buckling of confidence by certain investors, the misdirected negative press, the changing political winds. It is that journey that brings Karuturi to the present day: with a world of experience at our back, our feet firmly planted and our sights still set on the horizon.

It's a journey worth embarking on, because we have undertaken a project that we cannot give up. Bringing the world roses and putting food on the table where there was nothing before. Thank you for being with us.

Regards,  
Sai Ramakrishna Karuturi  
Managing Director





Goals  
Challenges  
Opportunities  
Strategy