



Karuturi Global Ltd.

MORE FOOD WILL HAVE TO BE PRODUCED WORLDWIDE
OVER THE NEXT 50 YEARS THAN HAS BEEN DURING THE
PAST 10,000 YEARS COMBINED.

GUARDIAN

staying on track

2009-2010

FIFTEENTH ANNUAL REPORT



GLOBAL PRESENCE GLOBAL SUCCESS

As the world's leading producer and exporter of cut roses, Karuturi has about 292 hectares under production in Kenya, Ethiopia and India and 100 hectares under implementation in Ethiopia exporting to markets in Europe, Middle East, Far East, Australia, New Zealand and the US.

OUR PRESENCE

| | | |
|----------|-------------|-----------|
| India | Germany | Russia |
| Kenya | Netherlands | Japan |
| Ethiopia | Switzerland | USA |
| UAE | France | Australia |
| | UK | Singapore |
| | Italy | Malaysia |



PEAK FRESH FLOWERS:

After the success of its nano roses, Karuturi is now using the peak fresh packaging technology that is designed to remove ethylene from around the flowers and keep the humidity at its optimum level thereby increasing transport life and the shelf life of roses from 15 days to as much as 3 months.



C O N T E N T S



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Success is more of a journey than a destination
- Chinese Proverb



Floating flower market, Amsterdam



INTRODUCED FOR THE
FIRST TIME IN INDIA

TALKING ROSES

FlowerXpress, Karuturi's retail boutique chain has for the first time in India, launched the 'Talking Roses', a unique concept of printed roses, that has created quite a sensation among buyers.

DELIVERING ROBUST PERFORMANCE IN A CHALLENGING ENVIRONMENT

In 2009, we continued to strengthen our leading market position in floriculture globally, increased our reach and presence in our retail and processed foods business and were on track on our ambitious project of developing 7,65,000 acres of agricultural land in Ethiopia.

2009-10 was a challenging environment that followed the global financial crisis and currency instability. One saw intensified competition, high unpredictability and volatility, entry of non-agricultural companies into the agricultural space and of course the emergence of Ethiopia as the world's popular agro-destination.

Though globally 2009-10 began in a climate of uncertainty, I am proud that your company has been able to report positive earnings. Our performance reflects price discipline, foresight and successful corporate strategies.

Your Company's future is inextricably linked to one fundamental factor. Future food security due to a rising world population as well as dietary changes due to rising incomes especially in the emerging markets.



With global population expected to reach more than nine billion by 2050, FAO estimates that agricultural production will need to grow by 70 percent if it is to keep the world's population fed and healthy.

This tightening demand-supply situation could also put India in a delicate situation since demand in our country is soon expected to outstrip supply. According to a report by ICRIER, India might face shortages of close to 18 mn tonnes in edible oils, and 3 mn tonnes in cereals by 2021. I believe India needs a second green revolution.

While the future concerns us, the present is no less



worrying. Global rice output in 2009-10 has declined to 441m tons following the heavy fall in output in India. In Ethiopia alone, the number of people in need of emergency food assistance until December 2010

is officially estimated at 5.2 million. And the drought in the Russian Federation could lead to potentially serious implications for world wheat supplies in 2011/12.

When we look at these challenges, we also see opportunity. We recognize that these are the factors that will drive our future growth and we've aligned your company to give this area of the business the focus it deserves. The conviction that companies like Kaurturi have a critical role in delivering the solution to the looming food crisis also gives us a sense of purpose.

Fiscal 2010-11 will be a key and formative year for your company. I would like to take you through the progress we have achieved this year at our production bases at Ethiopia, Kenya and India.

In Gambella, our State-of-the-art agricultural machinery has arrived and we have started work on developing 20,000 hectares of land for cultivation of maize and sorghum and 10,000 hectares of land for cultivation of paddy and oil palms. The oil palm nursery has matured seedlings ready for transplantation.

In Bako, 5,500 hectares of land prepared will be made ready for cultivation of sorghum and maize by October 2010. An additional 6000 hectares of land will be cleared and made ready for cultivation by March 2011.

The big picture in boston.com shows Shiburu Shash working at Karuturi's palm oil nursery near the town of Bako, in Ethiopia, Africa



As always, we continue to invest in the welfare of the communities we work with. A 12 kilometer all weather road has been built by us in Bako. Our latest CSR initiative 'Ban the can' will provide drinking water to the towns of Holetta, Sadomo and Tulusia, as well as Bachara and Illiya villages.

In Kenya, our CSR initiatives continue to grow. We have built more houses, added more equipment to the hospital and intensified the vaccination program. As part of our green planet initiative over 12000 drought resistant African trees have been planted in and around the Kenya farm and Naivasha Lake. Our use of chemical fertilisers and pesticides is also steadily declining thanks to our integrated pest control programme and our project to generate vermiculture out of our huge floriculture waste.



On the floriculture front, The European Union remained the largest consumer accounting for 50% of the world's flowers with a

market Value of € 13 billion. The second biggest consumption was by UK followed by Germany. Total EU production remained at € 9.5 billion resulting in import of over € 3.5 billion. Your company, in an effort to innovate and add further value to our cut roses, is investing on the 'peak fresh packaging technology' that will increase the shelf life of these roses from 15 days to as much as 3 months.

It may be of some interest to know that your company,



participated in a tender from the Karnataka government to develop 18 Horticulture farms across the state on PPP model and emerged as the preferred bidder for 3 of the largest farms amounting to more than 1500 acres of land within 100 Kms of Bangalore.

If chosen, we intend to organically develop the land and grow vegetables & fruits using innovative and sustainable technologies including the pivot irrigation system, a multi-function equipment that can also germinate, fertigate, chemigate and manage salinity through leaching and is ideal for reducing usage of water and bio-pesticides.

Looking ahead we will continue to deploy our innovative skills and dynamism at the same time demonstrating that corporate and social responsibility are inherent in everything we do.

Our strategic goals this year will be, to increase land productivity in agriculture, continue to build leadership and expand our markets in cut flower exports and create new opportunities for our food processing and broadband businesses. We have participated in various international events like Anuga and Gulfood last year and are participating at events in Moscow, Paris and USA this year to continue to expand our market for our processed food products.



We remain grateful to you, our shareholders, for your continued support in helping us build your Company and take it to greater heights. We will pursue our commitment to you, in making the right business choices and continuing our focus on maximising earnings on your investment and in growing together.

Yours sincerely,

Sai Ramakrishna Karuturi
Managing Director

Letter to shareholders

DEDICATED TO TURN CHALLENGES INTO ACCOMPLISHMENTS

GLOBAL DEMAND FOR MAIZE TO INCREASE BY 45%:

Global cereal demand in 2020 is estimated at 2.1 billion MT and will, for the first time, show a major shift in favor of maize with demand estimated at 852 million. This reflects a substantial growth of 72% for maize in developing countries, and 18% growth in industrial countries.

GLOBAL PRODUCTION OF PALM OIL IN 2007, WAS THE LARGEST AMONG VEGETABLE OILS

Palm oil has become the edible oil of choice, for much of the world, apart from being used increasingly as a biofuel. According to a report published by Global Industry Analysts, Inc, February 17, 2010. The world market for palm oil is projected to exceed 100 million tonnes by the year 2015.

AGRICULTURAL MACHINERY

- 50,000 HP of Tractors
- 17,000 HP of harvesters
- 25,000 HP of Auxiliary Equipment

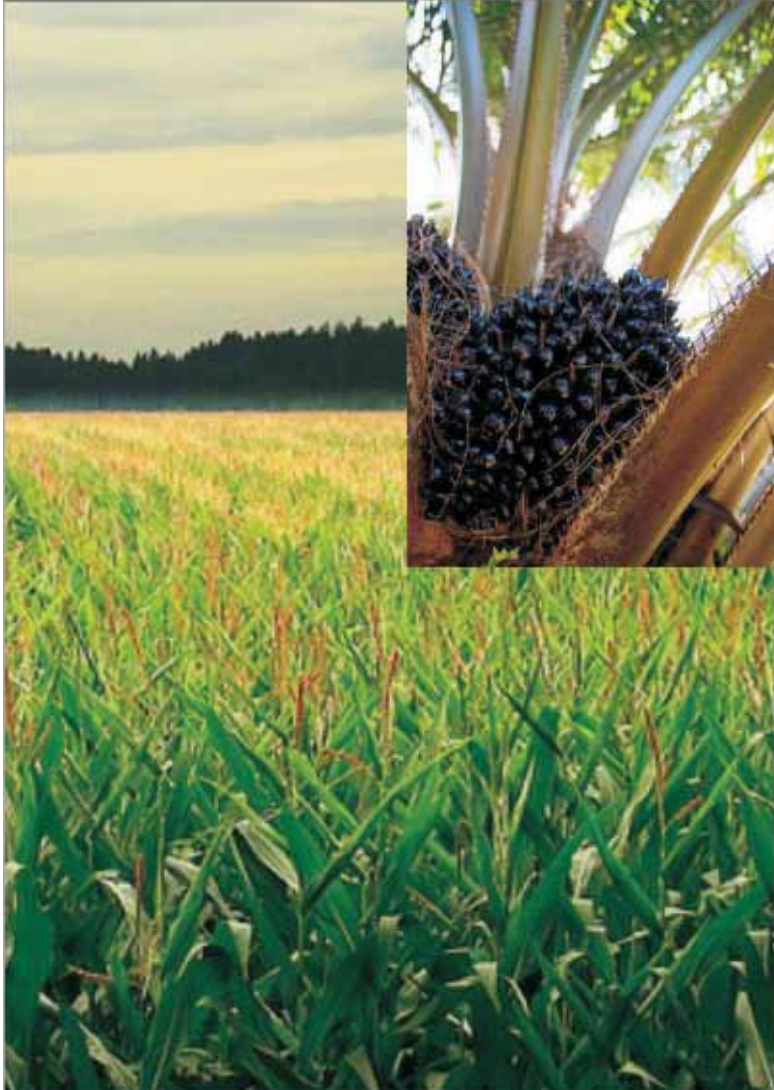
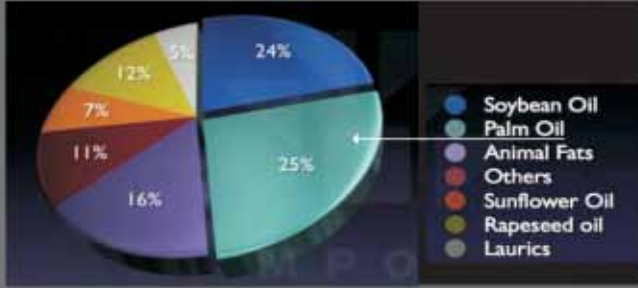


Karuturi's Agri land bank in Ethiopia

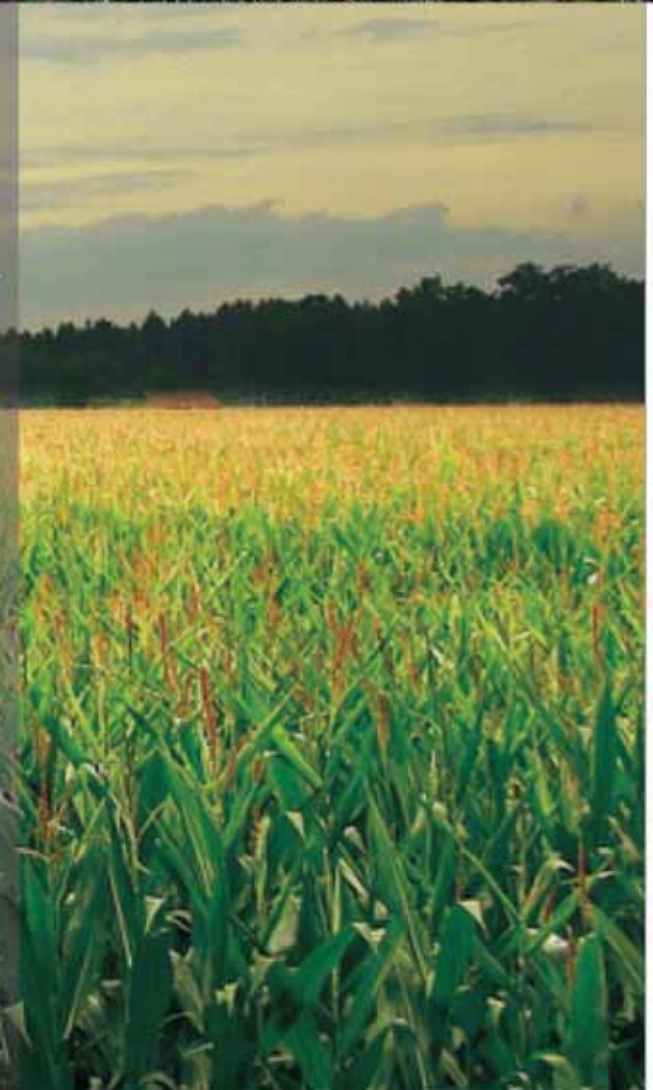
| Location | Area (hectares) | Crops |
|--------------|------------------|---|
| Bako | 11,700 | Maize, |
| Gambella | 3,00,000 | Cereal crops, oilseeds, Sugar, palm oil |
| Total | 3, 11,000 | |

Cultivation under Phase I 1, 00,000 hectares

| | |
|------------------------|-----------|
| Cereal crops, oilseeds | 70,000 ha |
| Oil Palms | 20,000 ha |
| Sugar | 10,000 ha |



Cultivation of cereals & oil palms





This year, Karuturi Foods, has commenced exports of its own brand of pickles labeled 'Pick-a-Pickle' to markets in the Middle East & Europe.

SUSTAINABLE AND STATE-OF-THE-ART FARMING NEAR BANGALORE, INDIA

Karuturi is planning to use pivot irrigation to grow vegetables organically on 1500 hectares of land near Bangalore. These multiple-function equipment can germinate, fertigate, chemigate and manage salinity through leaching and are ideal for reducing usage of water and bio-pesticides.

HIGHLIGHTS OF THE YEAR

Gambella:

- With the arrival of state-of-the-art agricultural machinery, Karuturi has started developing 20,000 hectares of land for cultivation of maize and sorghum and 10,000 hectares of land for cultivation of paddy and oil palms
- KGL is sponsoring 10 students from Gambella Ethiopia to its higher education institute at Kenya

Bako:

- 5,500 hectares of land to be made ready for cultivation of sorghum and maize by Oct 2010
- 6000 hectares of additional land will be cleared and made ready for cultivation by March 2010

Ban the can initiative: An CSR initiative of Karuturi to provide water on tap to people around all its projects

- Contribution of \$75,000 towards drinking water supply for Holetta town
- Drinking Water supply to Village Sadamo
- Bore wells drilled for Tulusia, Bachara villages and the Gromia region
- 4 Bore wells in Illiya vilage for free drinking water



FINANCIAL HIGHLIGHTS

