



KERALA
ayurveda™
wellness, naturally

KERALA AYURVEDA LIMITED

17th Annual Report 2008 - 09



Academy

Products

Clinics

Hospitals

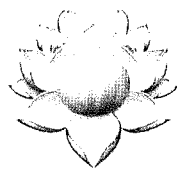
Resorts

Services



OUR VISION

Delighting consumers with globally
admired Ayurveda products and services
that deliver wellness, naturally.



KERALA
ayurveda™
wellness, naturally

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	Mr. Ramesh Vangal
VICE CHAIRMAN	Mr. Ronald George Pearce
EXECUTIVE DIRECTOR	Dr. K Anilkumar
DIRECTORS	Dr. K Rajagopalan Mr. M C Mohan Mr. S Krishnamurthy Mr. Tarun N Sheth Ms. Katharin Zimpel Vangal Mr. A T Jacob Mr. Anand Subramanian (Alternate to Ms. Katharin Zimpel Vangal)

COMPANY SECRETARY

Mr. Jaison Thomas

REGISTERED OFFICE & FACTORY

VII/415, Nedumbassery, Athani P.O,
Aluva-683585, Kerala, India.
Email: info@keralaayurveda.biz
Website: www.keralaayurveda.biz

CORPORATE OFFICE

No.1134, 1st Floor, 100 Feet Road,
HAL 2nd Stage, Indiranagar,
Bangalore - 560 008.

AUDITORS

M/s. Maharaj Rajan & Mathew,
Chartered Accountants,
Pratheeksha Buildings,
S. N. Junction,
Palarivattom, Cochin 682 025.

BANKERS

M/s. AXIS Bank Ltd., Bangalore.

REGISTRAR & TRANSFER AGENTS

M/s. Integrated Enterprises (I) Ltd.,
Seema, 41/427, Rajaji Road,
Ernakulam-682 035.
Email: shaji@iepindia.com

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of the Members of Kerala Ayurveda Ltd. will be held on Wednesday, the 30th day of September 2009 at 11.30 A.M at Green Park Auditorium, N H 47, Desom, Aluva -683 103, Kerala, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2009 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. M C Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ramesh Vangal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S Krishnamurthy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Maharaj Rajan & Mathew, Chartered Accountants, Cochin, as Auditors of the company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting on such remuneration and out of pocket expenses as may be approved by the Board of Directors.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. A T Jacob who was appointed as an Additional Director at the meeting of the Board of Directors of the company held on 31st January 2009 and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Article 70 of the Articles of Association of the company and sections 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Dr. K Anilkumar be and is hereby re-appointed as EXECUTIVE DIRECTOR of the company for a further period of 3 years with effect from 28th June 2009 as approved by Board of Directors at its meeting, at a remuneration and on the terms and conditions set out below:

1. Basic Salary : Rs. 1,25,000/- per month
2. Allowances/Perquisites:-
 - a) Special Allowance : Rs. 54,000/- per month
 - b) Leave Travel Allowance : Yearly payment of Rs. 60,000/- in the form of allowance
 - c) Housing I : Expenditure incurred by the Company on hiring furnished accommodation for the Director subject to a maximum of 40% of the basic salary relevant for the concerned period.

OR

- Housing II : In case no accommodation - owned or hired is provided by the Company the Director shall be entitled to 40% of the basic salary relevant for the concerned period as and by way of House Rent Allowance Rs 50,000/-
- d) Medical Reimbursement : Expenditure incurred by the Director and his family, subject to a ceiling of Rs.12,000/- per annum
- e) Contribution to Provident Fund as per Company Rules and Superannuation /Annuity Fund limited to 12% of salary subject to deduction of P F Contribution.
- f) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per relevant provisions of the Gratuity Act.
- g) Encashment of un-availed leave at the end of the tenure or at specified intervals, will be as per Scheme of the Company.
- h) Provision of car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director.

MINIMUM REMUNERATION : The remuneration specified at Sl. Nos. 1 & 2 above shall be paid to Dr. K. Anilkumar, Executive Director, as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the relevant period of tenure of his office."

Place: Athani

Date : 1st September 2009

By order of the Board of Directors

Sd/-

Jaison Thomas

Company Secretary

Notes:

- a) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing a proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. No proxy registrations at the venue will be accepted.**
- b) The relevant details as required by Clause 49 of the Listing Agreement entered into with Stock Exchanges, of persons seeking appointment/re-appointment as Directors under item Nos.2, 3, 4 & 6 above are annexed hereto.
- c) The Register of Members and Share Transfer Books will remain closed from 26th to 29th September 2009 (both days inclusive).
- d) Members are requested to send their correspondence/queries to the Share Transfer Agent, M/s. Integrated Enterprises (India) Ltd. having office at Seema, 41/427, Rajaji Road, Near Abad Metro Hotel, Ernakulam -682035, Phone No: 0484-2371494, Fax: 0484-2384735, Email: shaji@iepindia.com with a copy to the company's registered office quoting their folio number/client ID number.

REQUEST TO MEMBERS

- a) Members holding shares in physical form are requested to notify any change in their address to the company's Registrar & Share Transfer Agent . Members holding shares in electronic form are requested to intimate the changes, if any, in address to their respective depository participants only.
- b) Shareholders intending to make queries at the AGM on any aspect of the working of the company, on the published accounts or on the Directors' Report may write to The Company Secretary, Kerala Ayurveda Ltd, Nedumbassery, Athani P. O., Aluva-683585 so as to reach it latest by 26th September, 2009.
- c) A proxy form and attendance slip is attached herewith and shareholders are requested to produce it for verification at the meeting. Members/proxies are requested to bring their copy of the Annual Report to the AGM.

EXPLANATORY STATEMENT FORMING PART OF THE NOTICE

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.6

Mr. A T Jacob was appointed as an Additional Director of the company by the Board of Directors at its meeting held on 31st January 2009. Pursuant to Section 260 of the Companies Act, 1956, Mr. A T Jacob will hold the office of Director upto the date of this Annual general Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice along with deposit from a member proposing the candidature of Mr. A T Jacob for the office of Director of the company.

A brief profile of Mr. A T Jacob has been annexed to this report. Keeping in view the experience and expertise of Mr. A T Jacob, his appointment as Director of the company is recommended for the necessary approval of the members. None of the Directors except Mr. A T Jacob is concerned or interested in the said resolution.

Item No.7

The tenure of Dr. K Anilkumar, Executive Director, expired on 27th June 09. Dr. Anilkumar, who is the founder and former Managing Director of the company is well versed in this branch of medicine and has over 28 years experience in manufacturing and marketing of ayurvedic medicines. Considering his valuable services throughout these years, the Board of Directors at its meeting held on 29th June 09, approved his re-appointment for a further period of 3 years with effect from 28th June 09, on the terms and conditions as approved by the Remuneration Committee and as set out in the Resolution in Item No.7 of the Notice convening the meeting. Accordingly, the Board recommends the special resolution for members' approval. Disclosure as per schedule XIII is annexed.

None of the Directors except Dr. K Anilkumar is concerned or interested in the said resolution.

By order of the Board of Directors

Sd/-

Jaison Thomas

Place : Athani

Date : 1st September 2009**Disclosure as per Schedule XIII of Companies Act, 1956****I GENERAL INFORMATION**

- | | |
|--|--|
| 1 Nature of Industry | Manufacturing and marketing of Ayurvedic products and providing Healthcare services. |
| 2 Date of commencement of Commercial Production | 6 th July 1992 |
| 3 Financial Performance based on given indicators | During the financial year 2008-09, the total revenue of the company increased to Rs. 1798.47 Lacs from Rs. 1717.86 Lacs in the corresponding previous financial year, registering a growth rate of 4.7 %. The total revenue including its subsidiaries on a consolidated basis for the year is Rs. 4451.70 Lacs, registering a growth of 59.6 %. |
| 4 Export performance and net foreign exchange collaborations | Foreign Exchange Earnings for the current year is Rs.104.80 lacs. |
| 5 Foreign investments or Collaborators. | As on date, Company has 5 overseas subsidiaries viz. Ayu Natural Medicine Clinic, P.S., Ayurvedic Academy Inc., Ayu Inc., CMS Katra Holdings LLC and Nutraveda Pte. Ltd. and has one step-down subsidiary viz. CMS Katra Nursing LLC. |

II INFORMATION ABOUT THE APPOINTEE

- | | |
|---|--|
| 1. Background details | Dr. K. Anilkumar is the founder and former Managing Director of the company is well versed in this branch of medicine & has over 28 years experience in manufacturing and marketing of ayurvedic medicines. |
| 2. Past Remuneration | During his past tenure, his last drawn monthly remuneration was Rs.3,78,500/- In addition to this, he is entitled to Gratuity benefits, Leave encashment and provision of car & Telephone. |
| 3. Recognition or awards | Dr. K Anilkumar is a member of Central Council of Indian Medicines and Executive Member of Ayurvedic Medicine Manufacturers Organisation of India. He is also a member of Healthcare Panel of Confederation of Indian Industry. |
| 4. Job Profile and his suitability | Dr. K Anilkumar, Executive Director (Technical) who is carrying out the powers of Managing Director for the day to day operations of the company, is mainly entrusted with responsibility of Production and Research & Development Activities. He is having proficient knowledge and experience of 28 years in the manufacturing, marketing and development of new products. |
| 5. Remuneration Proposed | Considering his valuable services, the Board of Directors approved his re-appointment on the terms & conditions as approved by the Remuneration Committee as set out in the Resolution No.7 of the Notice convening this Annual General Meeting which is 34% lower than his current monthly remuneration. |
| 6. Comparative Remuneration profile with respect to industry, size of the company, profile of the position and person | Remuneration of Dr. K Anilkumar was fixed on the basis of duties & responsibilities entrusted to him and his contribution to the company. Considering the financial position of the company, his salary was re-structured. |
| 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel. | His pecuniary relationship is limited to the remuneration he draws. |

III OTHER INFORMATION

- | | |
|---|--|
| 1. Reasons of loss or inadequate profits | For accelerating growth, company has made substantial investments in people and infrastructure costs which has resulted in losses during the year, the benefits of which will accrue over a period. |
| 2. Steps taken or proposed to be taken for improvement | The company has initiated: cost control measures to save on cost, setting up its own / franchisee ayurveda clinics at vantage locations to scale up volume, targeting to mobilise resources by disposing off identified idle surplus assets of the company for deployment towards business growth / pay off debt to reduce finance cost. |
| 3. Expected increase in productivity and profits in measurable terms. | Measures initiated to reduce the cost of production, improving production efficiency through possible automation/ minimize process wastage, effective Marketing by Partnering with doctors, will enable the company to achieve positive EBITDA during the year. |

Details of the Directors seeking re-appointment in the ensuing AGM, to be furnished as per Clause 49 of Listing Agreement

Mr. M C Mohan : **Non-Executive/ Independent Director**
 Date of birth : 21st March 1942
 Expertise in specific functional areas : M.C. Mohan started his carrier with Procter & Gamble and had a memorable 24 years stint at P&G across 3 continents, including setting up manufacturing and business operations, building business on new brands, responsible to diversify P&G products and also being the Global Team Leader for recruiting talent in Europe. Presently M.C. Mohan is the Executive-in-residence at the London School of Business & Management and Goizueta School at Emory University of Atlanta and also acts as coach for several CEOs in UK and India.
 Date of appointment : 2nd September 2006
 Qualifications : Honours degree in Mechanical Engineering and M.Tech from IIT, Kharagpur. MS degree in Mechanical Engineering from the University of Hawai and MBA from Columbia University.

Directorship held in other companies (excluding foreign companies) : NIL
 Shareholding in the Company : NIL

Mr. Ramesh Vangal : **Chairman/ Promoter Director**
 Date of birth : 28th July 1954
 Expertise in specific functional areas : Experienced and successful professional with demonstrated leadership in promoting and growing businesses. Founder of the Scandent Group and Founder and Chairman of KATRA Group. He was Chairman of Seagram Asia Pacific and President, Asia Pacific for Pepsico Foods and a member of PepsiCo's Worldwide Executive Council. He also served on the Board of Infosys Technologies Limited.
 Date of appointment : 24th January 2006

Qualifications : Engineering degree from IIT, Mumbai, MBA from London Business School
 Directorship held in other companies (excluding foreign companies) : Kutra Phytochem India Pvt Ltd, Arudrama Developments Pvt Ltd, Asha Medical Foundation Pvt Ltd, AyurvedaGram Heritage Wellness Centre Pvt. Ltd, Global AgriSystem Pvt Ltd, Kutra Holding Pvt Ltd, Kutra Marine Pvt Ltd, Mason & Summers Alcobev Pvt Ltd, Mason & Summers Marketing Service Pvt Ltd, Mason & Summers Leisure Pvt Ltd, SeaGrow Bio-Technics India Pvt Ltd

Shareholding in the Company : NIL

Mr. S.Krishnamurthy : **Non-Executive/ Independent Director**
 Date of birth : 22nd March 1939
 Expertise in specific functional areas : Professional Banker with overall experience exceeding over 40 years in various Senior Positions in Reserve bank of India and other Public/Private Sector Banks. He is former chairman of Tamilnad Mercantile Bank. Lastly he held the position of Banking Ombudsman, Chennai.

Date of appointment : 2nd September 2006.
 Qualifications : First Class Graduate of the Madras University, Master's Degree in Labour Management, PG Diploma in Industrial Relations and Personnel Management and HRM, Certified Associate of Indian Institute of Bankers, Bachelor of General Laws.

Directorship held in other companies (excluding foreign companies) : Shriram City Union Finance Ltd., Take Solutions Ltd.

Shareholding in the Company : NIL

Details of the Additional Director seeking appointment as Director in the ensuing AGM, as per Clause 49 of Listing Agreement

Mr. A. T. Jacob : **Additional Director**
 Date of Birth : 11th June 1954
 Expertise in specific functional areas : He has got significant domain expertise on Plantation and Agri based products in healthcare space and he is currently serving as Managing Director of Kutra Phytochem India Pvt. Ltd.
 Date of appointment : 31st January 2009
 Qualifications : B.Sc.(Botany), P.G. Diploma in Management.
 Directorship held in other companies (excluding foreign companies) : Kutra Phytochem India Pvt. Ltd., Arudrama Developments Pvt. Ltd., Avan Agro Tech Pvt. Ltd., Vector Program Pvt. Ltd.
 Shareholding in the company : NIL

By order of the Board of Directors

Place : Athani
 Date : 1st September 2009

Sd/-
Jaison Thomas
 Company Secretary

DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the 17th Annual Report on the business and operations of the company together with the Audited accounts for the financial year ended March 31, 2009.

FINANCIAL RESULTS

The Annual results of the company for the financial year ended 31st March 2009 as compared with the previous years are summarised below:
(Rs in Lacs)

Particulars	Standalone		Consolidated	
	2008-09	2007-08	2008-09	2007-08
Gross Income	1898.83	1841.45	4552.06	2913.23
Less: VAT & Excise Duty	100.36	123.59	100.36	123.59
Net Income from Sales/Services	1798.47	1717.86	4451.70	2789.64
Other Operational Income	30.00	48.79	46.02	75.20
Profit before Interest, Depreciation & Tax (EBITDA)	(172.95)	(266.40)	(754.27)	(588.87)
Other Income	0.79	2.04	0.79	2.04
Finance Charges	210.69	199.09	356.37	295.56
Depreciation & Amortisation	261.69	163.95	374.87	220.99
Profit/(Loss) before exceptional Items	(644.54)	(627.41)	(1484.72)	(1103.38)
Exceptional Items	140.55	0.00	169.06	0.00
Profit/(Loss) before Tax	(503.99)	(627.41)	(1315.66)	(1103.38)
Provision for Deferred Tax Asset	115.07	170.20	111.38	162.76
Provision for FBT & MAT	(5.74)	(5.60)	(8.22)	(9.09)
Net Profit/(Loss)	(394.66)	(462.81)	(1212.50)	(949.71)
Minority Interest in Profit			1.64	0.57
Net Consolidated Profit/(Loss)	(394.66)	(462.81)	(1214.14)	(950.28)
Balance brought forward from previous year	(690.78)	(227.97)	(1266.36)	(316.08)
Forex Fluctuations			(149.85)	
Appropriations	NIL	NIL	NIL	NIL
Balance Carried to the Balance Sheet	(1085.44)	(690.78)	(2630.35)	(1266.36)

PERFORMANCE ANALYSIS

During the financial year under review, the total revenue of the company increased to Rs. 1798.47 Lacs from Rs. 1717.86 Lacs in the corresponding previous financial year, registering a growth rate of 4.7 %. The total revenue including its subsidiaries on a consolidated basis for the year is Rs. 4451.70 Lacs, registering a growth of 59.6 % and the company has consistently achieved revenues exceeding Rs.10 crores in every quarter for the first time.

The operational results for the financial year ended with a net loss of Rs. 394.65 lacs as against a net loss of Rs.462.80 lacs in the previous year, with an improvement in EBITDA.

DIVIDEND

In the absence of profits for the period under review, your Directors are not in a position to recommend any dividend to the members of the company.

BUSINESS REVIEW

During the financial year under review, your company has opened new franchise wellness centers at Gurgaon, Jaipur, Noida and Dehradun.

The company has entered into an EXPRESSION OF INTEREST with The Arya Vaidya Pharmacy (Coimbatore) Ltd on 29th June 2009, so as to integrate their operations to create world's premier AYURVEDA entity, with the best doctors, products and service capabilities in the industry. The acceptance of authentic ayurveda throughout the world is ever increasing and both companies are keen to combine their strength to create the largest player in the field of Ayurveda. The managements of both the companies are currently in the process of conducting the detailed business diligence to evaluate the overall business opportunity.

In June 2009, a new subsidiary named M/s. NUTRAVEDA Pte. Ltd., was incorporated in Singapore, which shall mainly focus on marketing natural and herbal value added products globally and thereby deliver wellness and nutritional benefits to the global markets.

Modern dosage forms of classical formulations were introduced, such as Kashaya to Kashayam Tablets, medicated oils to creams etc. New formulations were introduced for treating diabetes viz. Trikantika Thailam, Kathakhadiradi Kashayam etc.

Katrasoft Europe GmbH, a Wholly owned subsidiary of the company, was voluntarily liquidated due to commercial non-viability and the process was completed on 27th March 2009. Accordingly the losses have been recognized in the accounts under review.

During the year a small portion of factory land was acquired by NHAI for highway expansion, whereby your company realised a profit of Rs. 52.19 lacs and also realised forex fluctuation gains of Rs 113.85 Lacs, the same has been disclosed as exceptional income. Your company has acquired land near Cochin International Airport to setup a new wellness resort.

PERFORMANCE OF SUBSIDIARIES

Indian Subsidiary

During the year under review, M/s. AyurvedaGram Heritage Wellness Centre Pvt. Ltd. has achieved a turnover of Rs.345 Lacs against a turnover of Rs.366 Lacs in the previous financial year. The Net profit of the company, after providing for tax has marginally decreased to Rs.6.30 Lacs from Rs. 11.93 Lacs in the previous year, despite the fact that the performance during the year was severely impacted on account of global recession and the warnings issued by western countries on travel to India due to epidemic scare, terror attack etc.

Overseas Subsidiaries

The combined turnover of overseas subsidiaries was Rs. 2426.67 Lacs as compared to Rs. 731.97 Lacs in the previous year, registering a growth of 230% during the year. Operations of the US Ayu subsidiaries namely Ayurvedic Academy Inc, Ayu Natural Medicine Clinic PS and Ayu Inc, have stabilized now and have shown impressive growth. For accelerated growth, companies made upfront investments in people and infrastructure costs during the current year which has resulted in higher losses during the year.

CORPORATE SOCIAL RESPONSIBILITY

Your company always shows deep sense of responsibility towards the community. A summary of the programs conducted by the company during the year is given below:

- Conducted Ayurvedic Medical Camps in Njarakal and Thalayolaparambu in Kerala in association with VITA and Kerala Vishwa Karma Samathi respectively.
- Conducted medical campaigns in Kerala on Karkitaka Chikitsa, in Karnataka on Joint Pain and in Delhi on Anti Obesity.
- Conducted a Medical Camp at Ambatukavu in Kerala in association with SNDP Sabha.
- Conducted medical campaigns in Kerala, Tamil Nadu and Karnataka on Anti-Stress.
- Conducted free consultation medical camp at our Aluva Hospital and at Ernakulam Clinic.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a) In the preparation of the Annual Accounts for the year ended 31st March 2009, the applicable accounting standards had been followed along with proper explanations and there were no 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 as on 31st March 2009 and of the profit or loss of the company for the year ended 31st March 2009.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The Annual accounts have been prepared on a going concern basis.

DEPOSITS

The company has not accepted any deposits from the public during the financial year under review. One unclaimed deposit of Rs.10,000/- was credited to the Investor Education and Protection Fund on 24th October 2008 and there is no pending deposits as on 31st March 2009.

HUMAN RESOURCE MANAGEMENT/INDUSTRIAL RELATIONS

Relations with the employees continued to be cordial throughout the year. The company continues to invest in training, refining its goal setting and performance evaluation process through which employees can share best practices and seek support to drive change and improvement.

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub-section (1) (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in the annexure to this report.

PARTICULARS OF EMPLOYEES

The particulars of employees as stipulated under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are set out in the annexure to this report.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on corporate governance is attached to this report and also a management discussion and analysis report .

DIRECTORS

Existing Director

Mr. M C Mohan, Mr. Ramesh Vangal and Mr. S Krishnamurthy, Directors of the company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Outgoing Director

Mr. S K Arunkumar and Mr. J H Mehta ceased to be Directors of the company with effect from 31st January 2009 and 30th May 2009 respectively. The Board places on record its appreciation for their contributions to the company during their tenure.

New Directors

Mr. A T Jacob has been appointed as an Additional Director, at the Board Meeting held on 31st January 2009.

Alternate Director

Mr. Anand Subramanian was appointed again as Alternate Director to Ms. Katharin Zimpel Vangal, at the board meeting held on 29th September 2008.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the Accounting Standard AS-21 on consolidated financial statements read with Accounting Standard AS-23 Accounting for Investments in Associates. These financial statements are based on the audited financial statements of the respective subsidiaries.

Your company has six subsidiaries as on 31st March 2009 and the details of which are as under;

SL No	Name	Location	% of holding
1	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Bangalore, India	74%
2	Ayu Natural Medicine Clinic, P.S.	USA	100%
3	Ayurvedic Academy Inc.	USA	100%
4	Ayu Inc.	USA	100%
5	KatraSoft Europe GmbH	Germany	100%*
6	CMS Katra Holdings LLC	USA	80%
7	CMS Katra Nursing LLC	USA	51%**

* Katrasoft Europe GmbH, Germany, a wholly owned subsidiary of your company, was liquidated on 27th March 2009.

** CMS Katra Holdings LLC holds 51% shareholding in CMS Katra Nursing LLC and is a step down subsidiary of your company.

The Annual Reports of the subsidiary companies are not annexed pursuant to the exemption by the Central Government. Copy of the annual accounts of the subsidiary companies and other related information will be made available to the members who seek such information, at any point of time. The annual accounts of the subsidiary companies are kept at the registered office of the company and at the subsidiary concerned, for inspection of the investors. A statement pursuant to Section 212 forms part of the annual report.

AUDITORS

The term of Auditors, M/s. Maharaj Rajan & Mathew, Chartered Accountants, Cochin, expires at the ensuing Annual General Meeting and they are eligible for re-appointment. The requisite certificate from Auditors, pursuant to Section 224(1B) of the Companies Act, 1956 has been received.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the unstinted support and co-operation given by shareholders, customers, bankers and all governmental and statutory agencies. Your Directors would further like to record appreciation of the efforts of every employee for their valuable contribution during the year.

On behalf of the Board of Directors

Sd/-

Ramesh Vangal
Chairman

Place: Athani

Date : 1st September 2009

ANNEXURE TO DIRECTORS' REPORT

The details required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009, is given under:

SL No.	Name	Age	Date of joining	Annual Remuneration (in rupees)	Designation	Educational Qualification	Experience in yrs	Previous employment
1	Dr. K Anilkumar	56	06.07.1992	44,10,161	Executive Director	B.A.M	28	NIL
2	Mr. H Sreedhar	46	16.01.2006	33,69,403	President- Katra Healthcare Division	BE (Elec & Comm), MBA	20	L&T Ltd.
3	Ms. Achamma Joseph*	53	01.01.2007	11,02,502	President- Katrassoft Division	M Sc, Dip CSA	26	Ismart Business Solution P Ltd.
4	Mr. Partha Sanyal	40	07.03.2007	31,49,004	Vice President- Strategy, Planning & Business Dev	BE (Met), PGDM, (IIMB)	16	ARI Pvt Ltd.

Notes:-

- The above employees are not relative of any Director of the company.
- Remuneration shown above includes Salary, Medical reimbursements, Leave Travel Allowance, Contribution to provided fund and monetary value of perquisites as per income Tax Rules, 1962.
- * Employed for the part of the year

ANNEXURE TO DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS REPORT.

FORM A**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

	2008-09	2007-08
A. Power and Fuel Consumption		
1. Electricity		
a. Purchase unit	2,29,541	153,315
Total Amount	Rs. 12.69 lacs	Rs.9.69 lacs
Cost/ Unit	5.53/Unit	6.32/Unit
b. Own generation through Diesel		
Generator Units	4,883	4,525
Unit per / Lr. of diesel oil	1.37	1.50
Cost/unit (Rs.)	Rs.29.13	Rs.23.57
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity (K.Ltr)	221.95	225.30
Total amount (Rs.)	Rs.56.40 lacs	Rs.50.26lacs
Average Rate (Rs./K.Ltr)	25,412	22,309
4. Others/Internal Generation	NIL	NIL

B. Consumption per unit of production :

The company has 400 heterogeneous products sold in lacs of units. Hence, the per unit consumption is negligible and it is not possible to fix standards for each products.

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION****Research and Development (R&D)**

1. Specific areas in which R&D
Carried out by the company :-

During the year under review, R&D converted 7 of premium kashayams into tablet, without compromising the dosage and efficacy. Company has got approval from the licensing authority for its commercial production. Developed PROSTACT - a new proprietary product for prostatic enlargement. Developed 2 new massage oils for overseas client. Developed the technology for the conversion of oil into creams. Pre-clinical studies conducted at AMALA cancer research centre and established the efficacy of Myaxil capsule, an anti-inflammatory product. Conducted in-house pilot study to evaluate the efficacy of Liposem tablets for Cholesterol. Implemented microbial standards as per USFDA norms in the PRD division. Developed standardization techniques for raw materials and products using latest microscope and UV-SPECTROMETER.

- Benefits derived as a result of above R&D :-

CGMP standards were implemented which ultimately helped to increase the efficacy and reduce the cost.

- Future plan of action :-

R&D wing is focusing on achieving WHO, USFDA standards to ensure quality products by bringing down heavy metal, microbial and pesticide contamination to permissible limits.

2. Expenditure on R&D

- | | |
|------------------------------------|---------------------------------------|
| a) Capital | Rs. 4,68,518/- |
| b) Recurring | Rs. 4,70,308/- |
| c) Total | Rs. 9,38,826/- |
| d) R&D expenditure as a % of total | 0.64 % of Ayurvedic Products Turnover |

Technology absorption, adaptation and innovation:

During the year, Distilled water plant, Double Cone blender for lubrication of granules in PRD section, a plastic cap sealing machine and Bulk/Tap Density apparatus were installed.

Company has imported one UV-Spectrophotometer from Japan for analysis of extracts and products, during this period.

Foreign Exchange earnings & outgo

	Current year	Previous year
Earnings	Rs.104.80 lacs	Rs.324.23 lacs
Out go	Rs. 3.15 lacs	Rs.101.36 lacs

Place: Athani
Date : 1st September 2009

For and on behalf of the Board of Directors

Sd/-
Ramesh Vangal
Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The basic objective of corporate governance policies adopted by the company is to attain the highest levels of transparency, accountability and integrity. Your Company believes in strict adherence of the principles of good Corporate Governance which is an integral part of good values, ethics and best business practices.

2. BOARD OF DIRECTORS

The Board of KAL comprises of Executive, Non-Executive and Independent Directors. The Chairman of the company is a Non-Executive Promoter Director. The composition of the Board of Directors as on 31st March 2009 is in accordance with provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges. None of the Directors are members of more than 10 Board level committees, nor are they chairman of more than five committees in which they are members.

The Board of Directors, overviews the performance of the Company, approves and reviews policies/strategies and evaluates management performance. The composition of the Board of Directors, Board Meetings held during the year under review and other relevant details are given below:

a) Composition of the Board

Sl. No.	Directors	Nature of Directorship	No. of Board Meetings held	No. of Board meetings attended	Attendance at Last AGM
1	Mr. Ramesh Vangal	Non-Executive Chairman/Promoter Director	6	4	Yes
2	Mr. Ronald George Pearce	Non-Executive Vice-Chairman/Independent Director	6	2	Yes
3	Dr. K Anilkumar	Executive Director	6	6	Yes
4	Dr. K Rajagopalan	Non-Executive/Independent Director	6	1	Yes
5	Mr. Tarun N Sheth	Non-Executive/Independent Director	6	5	No
6	Mr. M C Mohan	Non-Executive/Independent Director	6	2	Yes
7	Mr. S Krishnamurthy	Non-Executive/Independent Director	6	5	Yes
8	Ms. Katharin Zimpel Vangal	Non-Executive/Promoter Director	6	0	No
9	Mr. A T Jacob*	Additional Director	6	NA	NA
10	Mr. Anand Subramanian**	Alternate Director	6	5	Yes

Notes:

Mr. S K Arunkumar and Mr. J H Mehta ceased to be Directors of the company with effect from 31st January 2009 and 30th May 2009 respectively.

* Mr. A T Jacob was appointed as Additional Director with effect from 31st January 2009

** Mr. Anand Subramanian was re-appointed as Alternate Director to Ms. Katharin Zimpel Vangal with effect from 29th September 2008.

b) Meetings of the Board

Date of Board Meeting	Total Strength of the Board	No. of Directors Present
25 th April 2008	10	5
27 th June 2008	9	8
26 th July 2008	10	6
29 th September 2008	10	7
29 th October 2008	10	6
31 st January 2009	10	7

c) Other Directorships

Name(s) of Directors	No. of directorship other Boards	No. of Chairmanship in other Board	No. of membership in other Board Committees	No. of Chairmanship in other Board Committees
Mr. Ramesh Vangal	11	2	0	0
Mr. Ronald George Pearce	1	0	0	0
Dr. K Anilkumar	1	0	0	0
Dr. K Rajagopalan	0	0	0	0
Mr. Tarun N Sheth	5	0	3	2
Mr. M C Mohan	0	0	0	0
Mr. S Krishnamurthy	2	0	1	0
Ms. Katharin Zimpel Vangal	4	0	0	0
Mr. A T Jacob	5	0	0	0
Mr. Anand Subramanian	0	0	0	0

d) Pecuniary relationship or transactions

Apart from Directors receiving Sitting Fees, the Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries.

Mr. Ramesh Vangal, Chairman and Ms. Katharin Zimpel Vangal, Director are related to each other.

e) Prevention of Insider Trading

In order to prohibit Insider Trading as stipulated in SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board of Directors has adopted the CODE OF CONDUCT. The code is applicable to all Directors and senior managerial personnel of the company. Mr. Jaison Thomas, Company Secretary is the Compliance Officer for monitoring adherence to the regulations.

3. AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee is in strict adherence with the requirements specified in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The terms of reference of the Audit Committee *inter alia* includes the following:

1. Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval.

Composition and Attendance

The present Audit Committee comprises of five Directors viz. Mr. S Krishnamurthy, Mr. Tarun N Sheth, Mr. M C Mohan, Ms. Katharin Zimpel Vangal and Dr. K Rajagopalan. Mr. S Krishnamurthy is the Chairman of the Committee. During the financial year under review, four Audit Committee Meetings have been held on the following dates: 1) 27th June 2008 2) 26th July 2008 3) 29th October 2008 & 4) 31st January 2009. The particulars of Meetings attended by the members of the Audit Committee is given below;

Name of the Director	No. of Meetings	No. of Meetings attended
Mr. Tarun N Sheth	4	4
Mr. S Krishnamurthy	4	4
Mr. M C Mohan	4	1
Ms. Katharin Zimpel Vangal *	4	4
Dr. K Rajagopalan **	-	-

* Attended by Alternate Director Mr. Anand Subramanian

** Dr. K Rajagopalan was appointed as member of the committee on 30th May 2009

4. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

The Share Holders / Investors Grievance Committee ensures speedy disposal of the share transfer requests for both demat and physical shares received by the company. The company apart from overseeing the share transfer process also looks into various investor complaints.

Composition and Attendance

The present Committee on Shareholders/Investors Grievances consists of 3 Directors viz. Dr. K Anilkumar, Dr. K Rajagopalan and Mr. A T Jacob. During the financial year under the report, 11 meetings of the Committee were held. The particulars of meetings attended by the members of the Committee are given below;

Name of Director	No. of Meetings	No. of Meetings attended
Dr. K Anilkumar	11	11
Dr. K Rajagopalan	11	2
Mr. S K Arunkumar *	11	9
Mr. A T Jacob **	1	0

* Mr. S K Arunkumar ceased to be member of the committee w.e.f 31st January 2009

** Mr. A T Jacob was appointed as member of the committee as on 31st January 2009

During this period under review, the Company has received 22 queries and 6 complaints from the shareholders which were attended to/resolved satisfactorily. There were no complaints/Share transfers outstanding/Pending as on 31st March 2009. The Minutes of the Share Transfer Committee were noted by the Board at the subsequent Board Meetings.

Mr. Jaison Thomas, Company Secretary is the Compliance Officer of the Company. In terms of the clause 47(f) of the Listing Agreement, your Company has an exclusive E-mail ID viz. investor@keralaayurveda.biz for registering investor complaints/grievances, if any and the same will be under the control of compliance officer of the Company. The Company has displayed the said e-mail ID on its website for the use of investors.

5. CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises of three Directors viz. Mr. Tarun N Sheth, Mr. Ramesh Vangal and Ms. Katharin Zimpel Vangal. The committee reviews the good corporate governance practices followed by the Company so as to ensure that these practices reflect the latest developments in the corporate arena.

6. REMUNERATION COMMITTEE

The Remuneration Committee of the Board consists of three Directors viz. Mr. Tarun N Sheth, Mr. Ramesh Vangal and Mr. S Krishnamurthy. Mr. Tarun N Sheth is the Chairman of the Committee. The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges that inter alia includes determination of the Company's policies on specific remuneration packages for Executive Directors. The Committee reviews time to time the payments made to Executive Directors and the Board confirms the same. During the year, one committee meeting was held on 27th June 2008.

Remuneration to Directors

The Non-Executive Independent Directors are being paid sitting fees of Rs.15000/- for every Board Meeting attended by them and sitting fees of Rs.10000/- for every Committee Meeting, except for the Meeting of the Shareholders/Investors' Grievances Committee, fees for which is Rs.5000/-. None of the Non-Executive Directors has any material pecuniary relationship or transactions with the company.

The details of the remuneration package/sitting fees provided to the Directors during the financial year 2008-09 is as follows:

Executive Directors

(In Rupees)

Name	Basic Salary	Special Allowance & HRA	Contribution to Statutory funds	Total
Dr. K Anilkumar, Executive Director	19,20,000	22,98,161	1,92,000	44,10,161
Mr. Sonjoy Mohanty Managing Director & CEO *	NIL	NIL	NIL	NIL

* Mr. Sonjoy Mohanty ceased to be MD & CEO with effect from 31st May 2008

Non-Executive Directors

Directors	No. of Board Meetings attended	No. of Committee Meetings attended	Amount of Sitting Fees paid (Rs.)
Mr. Ramesh Vangal	4	1	0
Mr. Ronald George Pearce	2	0	0
Dr. K Rajagopalan	1	2	25,000
Mr. Tarun N Sheth	5	5	1,25,000
Mr. S Krishnamurthy	5	5	1,25,000
Mr. M C Mohan	2	1	0
Mr. S K Arunkumar	4	9	0
Ms. Katharin Zimpel Vangal	0	0	0
Mr. A T Jacob	0	0	0
Mr. J H Mehta	4	0	0
Mr. Anand Subramanian	5	4	0

Details of shares of the Company held by the Directors of the Company as on 31st March 2009 are given below:

Name	No. of Shares	% to Paid up Capital
Dr. K Anilkumar	3,53,475	3.35
Mr. J H Mehta	11,558	0.11

7. GENERAL BODY MEETINGS

a) Annual General Meetings

The details of Annual General Meetings held during the last 3 years are given below:

Financial Year	Day & Date	Time	Venue	No. of Special resolutions at the AGMs
2005-06	Saturday, September 2, 2006	11.30 A.M.	Hotel Cochin Durbar Opposite Cochin International Airport Nedumbassery, Cochin	6
2006-07	Saturday, September 29, 2007	12 Noon	-do-	Nil
2007-08	Monday, September 29, 2008	11.30 A.M	-do-	Nil

During the last 3 years, one Extra-ordinary General Meeting was held on 31st January 2007.

b) Special Resolutions passed at last three AGMs

Special Resolutions for the following matters were passed at above referred AGMs & EGM by the shareholders with requisite majority.

Sl No.	Date	Subject matter of Special resolution.
1	2 nd September 2006	<ul style="list-style-type: none"> • Increase in Authorized Share Capital. Change in Articles of Association of the Company. • Appointment and fixation of remuneration to Dr K Anilkumar, Executive Director • Appointment of Mr. Sonjoy Mohanty as Managing Director & CEO. • Investment in Ayurvedagram Heritage Wellness Centre Pvt. Ltd, Bangalore. • Preferential Allotment of shares to M/s Champion Investments Limited, Mauritius and its Associates.
2	31 st January 2007	<ul style="list-style-type: none"> • Change in name of the Company from Kerala Ayurveda Pharmacy Limited to Kerala Ayurveda Limited.

c) Postal Ballot:

No resolution was passed through postal ballot during the financial year under review.

8. DISCLOSURES

- a) The details of transactions of material nature with its Promoters, Directors or the Management or their subsidiaries or their relatives during the year have been disclosed in notes to Accounts forming part of this Annual report. There was no instance of non-compliance.
- b) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.
- c) As per Clause 49(V) of the Listing Agreement, the Executive Director and CFO of the company has certified to the Board on their review of financial statements and cash flow statements for the financial year ended 31st March 2009 in the form prescribed in Clause 49 of the Listing Agreement.
- d) No penalty was levied by Customs and Central Excise.
- e) As required under clause 49 of the Listing Agreement, the Directors and the Senior Management have confirmed compliance with the CODE OF CONDUCT & ETHICS for the financial year ended 31st March 2009.
- f) The Company has not adopted any Whistle Blower Policy. However, any employee would have access to meet senior level management and report on any points of concern.
- g) The Company and its subsidiaries are part of Katra Group. As these companies exercise control over the Company, they constitute the group as defined under Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969. The group companies are as follows:

Arudrama Developments Pvt. Ltd.	Katra Phytochem India Pvt. Ltd.
Asha Medical Foundation Pvt. Ltd.	Katra Marine Pvt. Ltd.
Avan Agrotech Pvt. Ltd.	Mason & Summers Alcobev Pvt. Ltd.
Global AgriSystem Pvt. Ltd.	Mason & Summers Leisure Pvt. Ltd.
Katra Holding Pvt. Ltd.	Mason & Summers Marketing Service Pvt. Ltd.
Katra Liquor Pvt. Ltd.	Seagrow Bio-Technics India Pvt. Ltd

9. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the company are being sent to the Stock Exchanges immediately after the approval of the Board. These results are published in the news papers viz. Business Line (English daily) as well as in Deepika (Malayalam daily), within forty-eight hours of approval thereof. These are also displayed on the Company's website 'www.keralaayurveda.biz' shortly after its submission to the Stock Exchanges. Thus, the same are not being sent to the shareholders separately. The company has not made any presentation to the Institutional Investors or Analysts during the year under review. All data relating to quarterly financial results, shareholding pattern etc. are hosted in time on the Electronic Data Information Filing and Retrieval (EDIFAR) website www.sebidifar.nic.in maintained by SEBI, in accordance with the provisions of Clause 51 of the Listing Agreement entered into with the Stock Exchanges.

10. GENERAL SHAREHOLDER INFORMATION :**i) Annual General Meeting**

Day, Date and Time : Wednesday, the 30th September 2009 at 11.30 A.M
Venue : Green Park Auditorium, N H 47, Desom, Aluva, Kerala.

ii) Financial year

: 1st April to 31st March

iii) Financial Reporting for the Quarter

(Calendar Tentative & Subject to change)

1st quarter ending 30th June 2009 - July 2009, (4th Week)
2nd quarter ending 30th September 2009 - October 2009 (4th Week)
3rd quarter ending 31st December 2009 - January 2010 (4th Week)
4th quarter ending 31st March 2010 - April 2010 (4th Week)

- iv) **Date of Book Closure** - 26th to 29th September 2009 (Both days are inclusive)
 v) **Dividend payment date** - No dividend has been recommended by the Board.
 vi) **Listing on Stock Exchanges:**

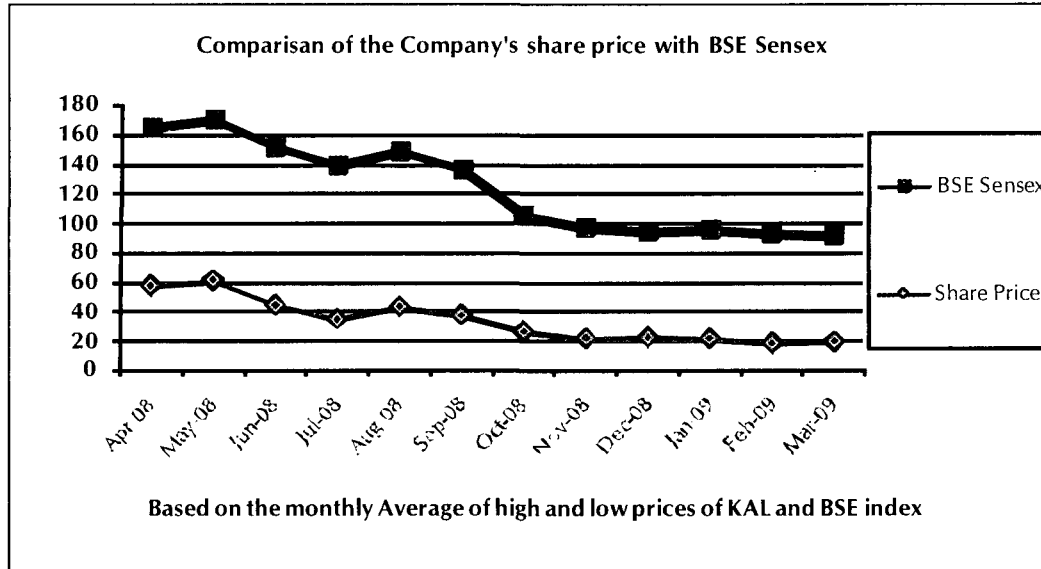
The equity shares of the Company are listed on following Stock Exchanges:

- a) Bombay Stock Exchange (Stock code : 530163)
 b) Cochin Stock Exchange (Stock Code: KAM)

vii) **Annual Listing Fees:**

Annual Listing Fees for the financial year 2009-10 to BSE & CSE has been paid.

viii) **Stock Price performance: KAL vs. BSE Sensex.**



ix) **Market Price Data : High/Low during each month in last financial Year**

Bombay Stock Exchange

Months	High	Low	Months	High	Low
Apr-08	65.90	47.75	Oct-08	34.90	16.50
May-08	67.00	53.30	Nov-08	25.00	17.85
Jun-08	55.00	32.40	Dec-08	26.00	18.25
Jul-08	40.00	28.50	Jan-09	24.05	18.20
Aug-08	48.60	36.50	Feb-09	21.30	15.00
Sep-08	43.00	31.00	Mar-09	22.95	14.85

x) **Registrar & Share Transfer Agents:**

M/s. Integrated Enterprises (India) Ltd, Ernakulam Branch is the Registrar & Transfer Agent of the company. Share Transfers, Dematerialization of shares and all other investor related activities are attended and processed by them.

M/s. Integrated Enterprises (India) Ltd.,

Seema, 41/427, Rajaji Road, Near Abad Metro Hotel, Enrakulam-682035.

Phone: 0484-2371494, Fax: 0484-2384735

Email: shaji@iepindia.com

xi) **Share Transfer System:**

At the meetings of the Shareholders/Investors Grievance Committee of the Board, proposals for Share Transfer in physical form are being placed and the same are processed within 15 days from the date of receipt subject to the transfer instrument being valid and complete in all respects. Under the same system, the shareholder can approach a Depository Participant (DP) with physical share certificates for dematerialization. The Company is also offering a sub division cum Demat scheme for those shareholders who are submitting their shares for sub division. In compliance with the Listing guidelines, every six months, a Practicing Company Secretary audits the system of Transfer and a certificate to that effect is issued.

xiii) Distribution of Share holding as on 31.03.2009

Sl No	Nominal value of shares (in Rupees)		Number of Holders	% to total holders	Total face value of shares (in Rupees)	% to Total face value
	From	To				
1	1	5,000	6747	90.52	6869610	6.50
2	5,001	10,000	337	4.52	2554630	2.42
3	10,001	20,000	177	2.37	2628190	2.49
4	20,001	30,000	53	0.71	1380160	1.31
5	30,001	40,000	23	0.31	818470	0.78
6	40,001	50,000	21	0.28	979520	0.93
7	50,001	1,00,000	50	0.67	3664310	3.47
8	Above	1,00,000	46	0.62	86661810	82.10
	Total		7454	100.00	105556700	100.00

(xiv) Shareholders Profile as on 31.03.2009

Sl	Category	Holders	No. of shares	Shares %
1	Clearing Members	30	36455	0.35
2	Corporate Bodies	150	205921	1.95
3	Foreign Nationals	7	162397	1.54
4	Foreign Company	1	25737	0.24
5	Individuals	7212	3072586	29.11
6	Mutual Fund	1	2976	0.03
7	Financial Inst/ Banks	1	1900	0.02
8	NRI	51	554263	5.25
9	Promoter	1	6493435	61.51
	Total	7454	10555670	100.00

(xvi) Global Depository Receipts etc.

The capital of the company comprises only Equity shares and the company having no preference shares, outstanding ADRs or GDRs.

(xvii) Dematerialisation of shares

The equity shares of the company are compulsorily traded in demat form. The shares of the company are available for trading in the Depository systems of both the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) (ISIN No. INE817B01025).

The paid up capital of your company as on 31st March 2009, consists of 10555670 shares of Rs.10 each which are listed on BSE and CSE, out of which 8904937 shares forming 84.36% and 541516 shares forming 5.13%, stand dematerialized in NSDL and CDSL respectively and remaining 1109217 shares forming 10.51% stands in physical form as on same date.

(xviii) Plant Location

Kerala Ayurveda Ltd.,
 VII/415, Nedumbassery
 Athani P O, Aluva-683585

Kerala Ayurveda Ltd.,
 Raw Drug Division, Kottai,
 Athani P. O., Aluva - 683585

(xix) Address for correspondence

The shareholders may address their communications/suggestions/queries to:

Company Address	Registrar and Share Transfer Agent
The Company Secretary & Compliance Officer, M/s. Kerala Ayurveda Ltd., VII/415, Nedumbassery, Athani P O, Aluva-683585. Ph :0484-2476301 (4 lines) Fax :0484-2474376 Email : Companysecretary@keralaayurveda.biz : investor@keralaayurveda.biz	M/s Integrated Enterprises (I) Ltd, Seema, 41/427, Rajaji Road, Near Abad Metro Hotel, Ernakulam-682035. Ph :0484-2371494 Fax:0484-2384735 Email: shaji@ieindia.com

11. NON-MANDATORY REQUIREMENTS

- 1) The Corporate office of the Company supports the Chairman in discharging his responsibilities.
- 2) The Company did not have any qualifications in the Auditors Report for the financial year 2008-09. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
- 3) The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavor to keep themselves abreast with changes in global economy and various legislations.
- 4) The Company does not have a mechanism to evaluate the performance of the Non-Executive Directors of the Company.

On behalf of the Board of Directors

Place: Athani
Date : 1st September 2009

Sd/-
Ramesh Vangal
Chairman

CODE OF CONDUCT- DECLARATION UNDER CLAUSE 49(I)(D)

To,
The Members of Kerala Ayurveda Ltd.,

In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement entered into with the Stock Exchanges, all Directors and the Senior Management have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2009.

For **Kerala Ayurveda Ltd.**

Place: Athani.
Date: 1st September 2009

Sd/-
Dr. K Anilkumar
Executive Director

AUDITORS CERTIFICATE UNDER CLAUSE 49

To
The Members of Kerala Ayurveda Limited,

We have examined the compliance of conditions of Corporate Governance by Kerala Ayurveda Limited for the year ended 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Maharaj Rajan & Mathew**
Chartered Accountants

Place: Kochi
Date: 28th August 2009

Sd/-
Mathew Joseph,
Partner
Membership No.22658

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDIAN ECONOMIC PERFORMANCE: A REVIEW

Indian economic growth decelerated to 6.7 % in 2008-09 compared to 9 per cent in 2007-08 and 9.7 % in 2006-07. Deceleration in growth spread across all sectors. Manufacturing sector grew at 2.4 per cent, slowdown attributed to fall in exports and a decline in domestic demand. Credit growth declined in the later part of 2008-09 reflecting slowdown of the economy in general and the industrial sector in particular.

GLOBAL ECONOMY

The average Global Economic growth was expected as 0.9% during 2008-09 compared to 2.5 percent in 2007-08. The emerging markets, led by the giants of China, India, Russia and Brazil had been posting 7% -10% growth rates for years. Investment was bringing economic development and generating employment in much of the Middle East & Africa, and even Japan was recovering from its deflationary lost years, has come to standstill due to global economic recession.

AYURVEDA INDUSTRY

In view of Western and developed countries preference for natural and herbal healthcare products, the ayurvedic science, practice and industry have great scope for development in the 21st Century. India having strong agricultural base and scientific expertise, can deliver high-quality ayurvedic products to meet global needs. It is estimated that the total value of products from the entire Ayurvedic Production in India is to the order of one billion US dollars. The business prospects are a US\$ 20 billion ready market, which is growing at a fast rate and as per World Bank estimates by 2050, shall be US\$ 5 trillion market.

BUSINESS REVIEW

This has been dealt with under Business Review in the Directors report forming part of this Annual Report.

OPPORTUNITIES

Ayurveda and its products are becoming more popular with increasing demand across the world. The domestic ayurvedic industry market size is currently estimated at Rs. 3000 crore which will go up to around Rs. 5000 crore in next 2 years in view of rising demand for ayurvedic therapy and products. Worldwide, alternative medicine is becoming popular and herbal medicine has become one of the most common forms of alternative therapy. The international herbal market is approximately US\$ 61 billion. There will be an enormous demand for ayurvedic products. As the global market is big and expanding, the Indian herbal industry is focusing on exports.

THREATS

One of the major issue is lack of good quality clinical trials. Even if the animal studies or anecdotal clinical experiences are promising and use of an herb is widespread, such observations cannot predict the results of well-designed randomized, controlled trials. Herbal medicines are generally considered comparably safer than synthetic drugs. However, recent reports challenge such assumptions. Authentic substitutes are important specifically for classical products as number of herbs are not available today and many more are already categorized as endangered species. Quality control issues have come to the fore, with worries about contamination of plant products by heavy metals, pesticides and other substances.

SEGMENT WISE PERFORMANCE

AYURVEDA BUSINESS:

Ayurveda business being the main business segment of your company registered a total revenue of Rs. 1,751.44 lacs as against Rs. 1,411.69 lacs in the corresponding previous financial year.

HEALTHCARE SOFTWARE BUSINESS

Healthcare software business was re organized with view of downturn in global healthcare software industry and more focus was given on Nursing business where we can be in a position to place nurses in our US subsidiary once visa retrogression in US is lifted as the revenue earning potential is significant.

CHALLENGES AND RISKS

From a global perspective, critical challenges for herbal industry are regulatory concerns, consumer perceptions and competition. The regulatory agencies, world over, are focusing on Quality, Efficacy, Safety and Standardization of herbal medicines. Quality of herbs has become a major concern following reports of heavy metals. Adulteration of plants is a serious problem. Ayurveda needs immediate and extensive reorientation to gain scientific credibility, as this traditional old system of medicine if given the opportunity, is poised for an unprecedented expansion globally.

FUTURE OUTLOOK

As a part of the company's expansion plans, new franchisee clinics are opened and few more will start functioning shortly. NUTRAVEDA Pte. Ltd., a subsidiary was incorporated in Singapore, which shall mainly focus on marketing ayurvedic products globally. The company is in the process of setting up ayurveda clinics all across the country, through company-owned & franchisees clinics. The company has entered into an EXPRESSION OF INTEREST with The Arya Vaidya Pharmacy (Coimbatore) Ltd, so as to integrate their operations to create world's premier AYURVEDA entity.

CAPACITY ENHANCEMENT AND UTILISATION.

By introduction of Distilled water plant, company is saving 1000 liters of water daily by recycling while producing the demineralised water. Bulk/Tap density apparatus made it easy for the fast analysis of products. The company imported UV-Spectrophotometer which actively helps in accurate analysis of extracts and products.

HUMAN RESOURCE DEVELOPMENT

The company continuously strives towards the development of its employees, upgrade their skills and boost the motivational levels through various mechanisms. The company places great emphasis on its employees and believes that they are the core of the corporate functioning. The company continues to maintain healthy working environment and cordial industrial relations.

COMPLIANCE DECLARATION ON THE CODE OF CONDUCT

The Directors and Senior Management of KAL have confirmed the compliance on the CODE OF CONDUCT & ETHICS for the financial year ended 31st March 2009.

RESEARCH AND DEVELOPMENT

Myaxyl capsules and Brahmi pearls have been revised as per USFDA norms and sent to US. A pilot clinical study of Liposem Tab was conducted at Tripunithura Ayurveda College. Acute anti-inflammatory study of Myaxyl capsules carried out at Amala Cancer Research Institute showed equivalent activity when compared to Diclofenac 50 mg. Modern versions of medicines were introduced such as Kashaya to Kashayam Tablets, medicated oils to Creams etc. New formulations were introduced for treating diabetics viz. Trikantika Thailam, Kathakhadiradi Kashayam etc.

INTERNAL CONTROL SYTEM

The company has an appropriate Internal Control System which is commensurate with the size of its operation and nature of its business. Internal auditors regularly check the adequacy and effectiveness of the internal control system and compliances of various procedures and policies of the company's plant, branches etc. The recommendations made by the internal auditors in respect of operational and financial management is used to formulate management policies and risk management procedures.

CAUTIONARY STATEMENT

The statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic environments, exchange rate fluctuations, Government Policies and other incidental factors.

AUDITORS' REPORT

To
The Members of
KERALA AYURVEDA LIMITED,

1. We have audited the attached Balance Sheet of KERALA AYURVEDA LIMITED as at 31st March 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed there to. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by companies (Auditors Report) Amendment order 2004) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit,
 - b) In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of those books,
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section 3(C) of section.211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956,
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of the company's affairs as at 31st March, 2009;
 - ii) In the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date,
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Maharaj Rajan & Mathew,**
Chartered Accountants

Sd/-

Mathew Joseph,
Partner

Membership No.22658

Place: Kochi
Date : 29.06.2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

- I a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have not been physically verified by the management during the year but the Company has a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) In our opinion the fixed assets disposed off during the year were not material so as to affect the going concern status of the company.
- II a) The management has conducted physical verification of inventory at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- III In respect of the loans, secured or unsecured granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- a) During the year the Company has given unsecured loan to subsidiary company. In respect of the said loan the maximum amount outstanding at any time during the year is Rs.9,76,02,806/- and the balance outstanding is Rs.1,66,43,678/-. In our opinion and according to the information and explanation given to us the loan is interest free, repayable on demand and terms and conditions are not prejudicial to the interests of the company.
- b) During the year the Company has taken additional loans from one existing party. In respect of the said loans maximum amount outstanding at any time during the year is Rs.28,09,20,709/- and balance outstanding is Rs.27,69,75,437/-. In our opinion and according to the information and explanations given to us the loan is interest free, repayable on demand and terms and conditions are not prejudicial to the interests of the company.
- IV In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI In our opinion and according to the information and explanations given to us the company has not accepted deposits from the public during the year. Therefore the provisions of clause 4 (vi) of the order are not applicable to the company.
- VII In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

- VIII We have broadly reviewed the books of account maintained by the company in respect of manufacture of Ayurvedic products pursuant to the order made by the Central Government for maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- IX According to the records of the company the company, was regular in depositing the Provident Fund dues and Employees State Insurance dues with the appropriate authorities except in a few cases where there were delays. Based on our audit procedures and according to the information and explanations given to us there are no arrears of statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty Service tax, Cess and other statutory dues applicable to it which have been remained outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable.
- X The company's accumulated loss at the end of the financial year is less than 50% of its net worth. The company has incurred cash loss during the year covered by our audit and during the immediately preceding financial year.
- XI The company has not defaulted in repayment of dues to financial institution or bank. The company has no debenture holders.
- XII The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- XIV The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- XV In our opinion and according to the information and explanations given to us the terms and conditions on which the company has given guarantee for loans taken by subsidiary company from banks are not prima-facie prejudicial to the interest of the company.
- XVI According to the information and explanation given to us term loans taken during the year were applied for the purpose for which the loans were obtained.
- XVII According to the information and explanations given to us the funds raised on short-term basis during the year have not been used for long-term investment.
- XVIII The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- XIX The company has not issued any debentures and therefore the provisions of clause 4 (xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- XX During the period covered by our audit report, the company has not raised any money by public issue.
- XXI Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the company has been noticed or reported during the year.

Place : Kochi
Date : 29.06.2009

For **Maharaj Rajan & Mathew,**
Chartered Accountants
Sd/-
Mathew Joseph,
Partner
Membership No. 22658

Kerala Ayurveda Limited

BALANCE SHEET AS AT 31st MARCH 2009

Particulars	Schedule	31.03.2009 Rupees	31.03.2008 Rupees
I SOURCES OF FUNDS			
1) Shareholders Funds			
Share Capital	A	105,556,700	105,556,700
Warrant Application Money		1,494	1,494
Share Warrant Application Money Forfeited		1,431,000	1,431,000
Reserves and Surplus	B	119,423,855	119,423,855
2) Loan Funds			
Secured Loans	C	125,571,080	161,662,368
Unsecured Loans	D	286,145,620	189,910,341
		638,129,749	577,985,758
II APPLICATION OF FUNDS			
1) Fixed Assets	E		
Gross Block		208,300,746	162,245,922
Less Depreciation		46,078,051	39,669,570
Net Block		162,222,695	122,576,352
Capital Work In Progress		6,077,500	17,130,037
2) Investments	F	113,603,535	114,823,866
DEFFERED TAX ASSETS		37,490,172	25,982,345
3) Current Assets, Loans & Advances			
Inventories	G	68,064,174	59,398,919
Sundry Debtors	H	53,384,303	46,601,766
Cash & Bank balances	I	4,414,407	9,028,915
Loans & Advances	J	117,139,372	140,674,167
		243,002,256	255,703,767
Less: Current Liabilities & Provisions	K	46,317,908	46,369,941
Net Current Assets		196,684,348	209,333,826
4) Miscellaneous Expenditure (To the extent not Written off or adjusted)	L	13,507,236	19,060,740
5) Profit & Loss account	M	108,544,263	69,078,592
		638,129,749	577,985,758
Significant Accounting Policies & Notes to Account	X		

This is the Balance Sheet referred to in our report of even date

For **MAHARAJ RAJAN & MATHEW**,
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED**,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

Kerala Ayurveda Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

Particulars	Schedule	31.03.2009 Rupees	31.03.2008 Rupees
GROSS INCOME			
Sale of Products & Services	N	189,883,045	185,835,106
Other Income	O	19,682,339	3,394,468
		209,565,384	189,229,573
Less: VAT & Excise Duty		10,036,405	12,359,464
NET INCOME		199,528,979	176,870,109
EXPENDITURE			
(Increase)/Decrease in stocks	P	(7,455,675)	(4,020,004)
Raw Materials & Packing Materials Consumed	Q	53,086,533	43,718,143
Cost of Sales		1,046,169	16,227,470
Manufacturing Expenses	R	13,870,799	12,083,699
Staff Cost	S	71,844,120	68,063,116
Administrative Expenses	T	36,809,648	34,031,823
Selling & Distribution Expenses	U	33,487,526	33,201,465
Finance Charges	V	21,069,002	19,908,140
Depreciation	E	6,524,517	6,143,493
Miscellaneous Expenses Written off	W	5,553,504	3,530,376
Amortisation of Goodwill on Merger	E	6,720,864	6,720,864
Amortisation of Software	E	7,371,048	-
		249,928,055	239,608,585
Profit/(Loss) Before Taxes		(50,399,075)	(62,738,476)
Provision for Tax		NIL	NIL
Provision for Fringe Benefit Tax		574,422	560,273
Provision for Deferred Tax Assets		(11,507,827)	(17,018,921)
Profit/(Loss) after Taxation		(39,465,670)	(46,279,828)
Appropriation		NIL	NIL
Loss carried forward from previous year		(69,078,593)	(22,798,765)
Deficit carried to Balance Sheet	M	(108,544,263)	(690,78,593)
Significant Accounting Policies & Notes to Account	X		

This is the Profit and Loss Account referred to in our report of even date

For **MAHARAJ RAJAN & MATHEW**,
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED**,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

Kerala Ayurveda Limited

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009

	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE A : SHARE CAPITAL		
Authorised: 12000000 Equity Shares of Rs.10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid up 10555670 Equity Shares of Rs.10/- each fully paid up Notes: of the above 1. 48,13,602 Shares were issued as fully paid up for consideration other than cash 2. Promoters hold 64,93,435 Shares through their Holding Company, M/s Katra Holdings Ltd, Mauritius.	105,556,700	105,556,700
	105,556,700	105,556,700
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve	3,110,879	3,110,879
Share Premium	114,514,976	114,514,976
General Reserve	1,798,000	1,798,000
	119,423,855	119,423,855
SCHEDULE C: SECURED LOANS		
AXIS Bank-Term Loan I	42,500,000	58,437,500
AXIS Bank-Term Loan II	32,500,004	54,166,668
AXIS Bank-OCC	48,599,036	47,838,824
Interest Accrued and due (Credit Facilities from AXIS Bank are secured against mortgage of land & building, hypothecation of other fixed assets of the company, personal guarantee of one of the director and corporate guarantee/second charge on land & building of subsidiary company, M/s Ayurvedagram Heritage Wellness Centre Pvt Ltd. Company's Inventory and Book Debts are pledged against the overdraft limit)	1,972,040	1,219,376
	125,571,080	161,662,368
SCHEDULE D : UNSECURED LOANS		
From Directors	1,670,183	1,725,183
From Others	284,475,437	188,093,158
Hire Purchase Finance	-	92,000
	286,145,620	189,910,341

Kerala Ayurveda Limited

SCHEDULE E-FIXED ASSETS- FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009

	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 01.04.2008	Addition	Deductions	Amortisation	As at 31.03.2009	Up to 31.03.2009	For the year	Deduction	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
1	Land and Deveopment	32,119,981	18,814,269	254,182	--	50,680,068	--	--	--	--	50,680,068	32,119,981
2	Building	36,808,311	411,709	66,880	--	37,153,140	12,211,043	1,235,723	18,490	13,428,276	23,724,864	24,597,267
3	Plant and Machinery	30,106,015	1,000,125	750	--	31,105,690	11,468,374	1,448,624	--	12,916,999	18,188,691	18,637,641
4	Electrical Fittings	4,028,275	39,866	--	--	4,068,141	1,777,589	192,649	--	1,970,238	2,097,903	2,281,881
5	Furniture and Fixtures	21,650,078	444,662	383,241	--	21,711,498	6,657,889	1,381,752	97,546	7,942,095	13,769,403	14,992,191
6	Office Equipments	6,704,223	298,731	--	--	7,002,954	5,492,979	1,054,514	--	6,547,494	455,461	982,865
7	Computer and Accessories	6,303,782	389,108	--	--	6,692,890	1,369,704	1,077,557	--	2,447,261	4,245,629	5,130,473
8	Vehicles	1,891,149	--	--	--	1,891,149	691,991	133,698	--	825,688	1,065,460	1,199,946
9	Misc. Fixed Assets	2,471,512	65,605	--	--	2,537,117	--	--	--	--	2,537,117	2,471,512
	Intangible Asset											
10	Goodwill on Merger	20,162,595	--	--	6,720,864	13,441,731	--	--	--	--	13,441,731	20,162,595
11	Software	--	39,387,415	--	7,371,048	32,016,367	--	--	--	--	32,016,367	--
	TOTAL	162,245,922	60,851,789	705,053	14,091,912	208,300,746	39,669,570	6,524,517	114,036	46,078,051	162,222,695	122,576,352
	Capital WIP	17,130,037	6,077,500	17,130,037	--	6,077,500	--	--	--	--	6,077,500	17,130,037
	GRAND TOTAL	179,375,959	66,929,289	17,835,090	14,091,912	214,378,246	39,669,570	6,524,517	116,036	46,078,051	168,300,195	139,706,389
	Previous Year Figures	177,455,980	8,910,843	270,000	6,720,864	179,375,959	33,541,111	6,143,493	15,034	39,669,570	139,706,389	143,914,869

Note: Land & Development included Rs.10.10 lacs for a portion of the land at Bangalore, even though the sale deed is yet to be registered. The company has obtained power of attorney and is in full possession of the said property.

	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE F : INVESTMENTS		
In Subsidiary Companies (Non Trade)		
16,65,000 equity shares of Rs 10 each in Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	64,286,600	64,286,600
100 Common stock of no par value in Ayu Inc.	5,620	5,620
100 Common stock of no par value in Ayu Natural Medicines Clinic, PS	21,516,252	21,516,252
100 Common stock of no par value in Ayurvedic Academy Inc.	27,242,710	27,242,710
817 Common stock of 1 USD par value in CMS Katra Holdings LLC	34,853	34,853
NIL (PY 1) Common stock of 25000 Euro par value in KatraSoft Europe GmbH	1,420,331	1,420,331
Less : Diminution in value of investment (Refer notes to accounts)	(1,420,331)	-
Non Trade-Quoted		
500 equity shares of Rs 10 each fully paid up in Canara bank limited Market Value Rs 165.90 (last Year Rs225/- per share)	17,500	17,500
Share application money towards purchase of shares of Confederation for Ayurvedic Renaissance Keralam Pvt. Ltd.	500,000	300,000
	113,603,535	114,823,866
SCHEDULE G : INVENTORIES		
(As taken, valued & Certified by Management)		
Finished Goods	44,106,389	35,360,033
Furnace Oil	136,023	196,331
Packing Material	3,183,441	2,792,856
Raw Material	7,382,201	6,530,389
Stores & Spares	93,470	92,567
Work in Progress	13,082,034	14,372,714
Goods in Transit	80,616	54,029
	68,064,174	59,398,919
SCHEDULE H : SUNDRY DEBTORS		
Debts outstanding for more than 6 months	26,171,277	19,393,244
Other debts	27,213,026	27,208,522
Debts considered good in respect of which the company hold no security other than debtors personal security Rs.5,33,84,303/- (Rs.4,66,01,766/-)		
Debts considered doubtful or bad Rs.3,98,963/- (Rs.3,98,963/-)		
Debts due by Subsidiary Companies Rs.41,07,255/- (Rs.4,26,929/-)		
	53,384,303	46,601,766

	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE I: CASH AND BANK BALANCES		
Cash in Hand (As certified by Management)	715,790	867,980
Balance with Scheduled banks:- In Current accounts	2,447,714	6,916,401
In Deposit accounts	1,250,903	1,244,534
	4,414,407	9,028,915
SCHEDULE J: LOANS AND ADVANCES		
(Unsecured considered good and recoverable in cash or in kind or for value to be received)		
Deposits with Govt. Authorities	762,885	752,011
Deposits with others	7,476,731	11,124,774
Income Tax advance	1,157,548	1,215,865
Advance for Purchase	628,202	63,519
Loans to Subsidiary	16,643,678	70,603,710
Advance for Land Purchase	42,828,557	-
Other Advances	9,510,503	9,477,817
Other Current Assets	40,699	78,399
Prepaid expense	102,662	148,318
Nursing Business WIP	30,977,144	21,184,754
Research Project WIP	7,010,763	-
Software Project WIP	-	26,025,000
	117,139,372	140,674,167
SCHEDULE K-CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors- Mfgs.	16,087,959	15,177,225
Sundry creditors- Others	8,740,070	7,861,204
Deposits from others	1,220,000	1,663,725
Advances from Customers	400,898	2,438,322
Term Loan Interest Accrued but not due	972,629	-
Other liabilities	14,007,524	14,126,522
Previlage Leave Encashment Payable	209,063	142,000
FD matured but not claimed	-	10,000
	41,638,143	41,418,998
PROVISIONS		
Provision for Gratuty	4,679,765	4,193,320
Provision For Taxation	-	757,623
	46,317,908	46,369,941
SCHEDULE L: MISCELLANEOUS EXPENDITURE		
Deferred Amalgamation Expenditures	2,517,008	3,657,909
Deffered Sales Promotion Exp.	2,561,618	4,381,994
Deffered Expenditure- Brand Design	7,813,842	10,092,329
Deffered Expenditure-R&D	434,208	677,664
Preliminary Expenses	180,560	250,844
	13,507,236	19,060,740
SCHEDULE M. PROFIT & LOSS ACCOUNT		
Opening balance	69,078,593	22,798,764
Add: Loss during the year	39,465,670	46,279,828
	108,544,263	69,078,592

Kerala Ayurveda Limited

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE N: SALE OF PRODUCTS AND SERVICES		
Sale of Products	147,817,172	130,837,249
Registration Fees	3,711,292	1,653,047
Treatment Income	16,525,773	16,000,679
Research Consultancy	12,248,308	-
Healthcare/Software Service income	7,642,500	35,654,161
Training Income	1,938,000	1,689,970
	189,883,045	185,835,106
SCHEDULE O: OTHER INCOME		
Sale of Scrap	70,185	76,677
Miscellaneous Receipts	2,933,415	3,207,480
Profit on Compulsory acquisition of Land	5,219,267	-
Interest Received	70,994	110,311
Forex Fluctuation gain	11,388,478	-
	19,682,339	3,394,468
SCHEDULE P: INCREASE/(DECREASE) IN STOCKS		
Closing Stock:-		
Finished Goods	44,106,389	35,360,034
Work In Progress	13,082,034	14,372,714
Total (A)	57,188,423	49,732,748
Less: Opening Stock:-		
Finished Goods	35,360,034	37,471,680
Work In Progress	14,372,714	8,241,064
Total (B)	49,732,748	45,712,744
Increase/(Decrease) (A-B)	7,455,675	4,020,004
SCHEDULE Q: MATERIALS CONSUMED		
Raw materials		
Opening Stock-Raw Material	6,530,389	5,207,207
Add: Purchase - Raw Material	40,082,792	31,242,441
	46,613,181	36,449,648
Less: Closing Stock	7,382,201	6,530,389
Total (A)	39,230,980	29,919,259
Packing Material		
Opening Stock-Packing Material	2,792,856	2,819,607
Add: Purchase - Packing Material	14,246,138	13,772,133
	17,038,994	16,591,740
Less: Closing Stock	3,183,441	2,792,856
Total (B)	13,855,553	13,798,884
Material consumed (A + B)	53,086,533	43,718,143
SCHEDULE R: MANUFACTURING EXPENSES		
Fuel Consumed	5,640,100	5,026,318
Electricity charges	1,268,726	969,455
Repairs to Plant & Machinery	624,624	247,433

	31.03.2009 Rupees	31.03.2008 Rupees
Repairs to Building	103,973	38,211
Other Manufacturing Expenses	3,313,313	2,201,917
Cultivation Expenses	279,526	158,995
Treatment Expenses	2,640,537	3,441,370
	13,870,799	12,083,699
SCHEDULE S: STAFF COST		
(INCLUDING MANAGERIAL REMUNERATION)		
Salaries, Wages & Bonus	64,848,009	62,541,526
Provident Fund and Other Funds	4,568,239	3,475,461
Workmen and Staff Welfare Expenses	2,427,872	2,046,129
	71,844,120	68,063,116
SCHEDULE T: ADMINISTRATIVE EXPENSES		
Rent	8,361,514	7,910,884
Rates and Taxes	2,941,664	766,482
Legal & Professional charges	1,067,758	712,389
Directors Expenses	25,000	44,848
Directors Sitting Fee	275,000	255,000
Research and Development Expenses	643,851	1,161,307
Loss on sale of fixed Asset	9,632	24,966
Auditors remuneration	90,000	90,000
Vehicle Maintenance	99,891	136,171
Insurance	128,412	133,604
Travelling -Corporate	3,319,665	4,054,888
Travelling - Others	1,534,139	3,565,527
Founders Day Expenses	1,010,478	1,147,256
Electricity charges	945,567	1,571,867
Printing & Stationery	1,716,769	1,354,102
Postage & Telephone	2,226,417	1,932,290
Secretarial Expenses	676,127	571,751
Repairs & Maintenance - Branch assets	1,912,687	1,157,373
Diminution in Value of Investment (Refer note C of Schedule X)	2,549,197	—
Other Administrative Expenses	7,275,880	7,441,118
	36,809,648	34,031,823
SCHEDULE U: SELLING & DISTRIBUTION EXPENSES		
Travelling -Sales Staff	12,051,309	8,521,358
Advertisements	6,275,721	12,255,294
Training Expenses	604,083	212,970
Other Selling & Distribution Expenses	14,556,413	12,211,813
	33,487,526	33,201,465
SCHEDULE V : FINANCE CHARGES		
Interest to Bank - Term Loan	13,499,971	17,566,751
Interest to Bank-Cash Credit/OD	6,511,612	991,758
Interest to Others	270,892	489,586
Bank Charges	786,527	860,045
	21,069,002	19,908,140
SCHEDULE W : MISCELLANEOUS EXPENDITURE W/OFF		
Deffered Sales Promotion Expenditure	4,098,863	2,185,884
Amalgamation Expense	1,140,901	1,030,752
Preliminary Expenses W/Off	70,284	70,284
Deffered R&D Expense W/Off	243,456	243,456
	5,553,504	3,530,376

Kerala Ayurveda Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Interest	(29,330,073)	(42,830,335)
Adjustment for:		
Depreciation	6,524,517	6,143,493
Interest Received	(70,994)	(110,311)
Dividend Received	(4,000)	(3,500)
Good will written Off	6,720,864	6,720,864
Miscellaneous Expenditure & Deferred Exp W /off	5,553,504	3,530,376
Deferred Exps- Advertisement & Sales promotion, Brand Design)	-	(10,115,638)
Ammortisation of Software	7,371,048	55,000
Long term capital gain on sale of land	(5,219,267)	-
Investment in subsidiary company written off	1,420,331	-
Profit/Loss on sale of fixed assets	9,632	24,966
Operating profit before working capital changes	(7,024,438)	(36,585,084)
Adjustments for:		
Trade receivables	(6,782,537)	(4,669,250)
Other Receivables	(13,678,857)	8,934,568
Inventories	(8,665,255)	(5,497,646)
Work In Progress-Software and Nursing Business	(9,792,390)	(33,423,575)
Work In Progress-Research project & Software project	(13,031,490)	-
Current Liabilities & Provisions	(52,033)	7,756,239
Cash generated from operations	(59,027,000)	(63,484,749)
Direct taxes paid	(574,422)	(560,273)
Net cash from operating activities	A (59,601,422)	(64,045,022)
B.CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(43,847,108)	(8,863,423)
Capital Work In progress	-	(47,420)
Sale of fixed assets	5,924,009	175,000
Investments	(200,000)	(1,455,184)
Loans to Subsidiaries	53,960,032	(67,303,710)
Dividend Received	4,000	3,500
Interest Received	70,994	110,311
Net cash used in Investing activities	B 15,911,926	(77,380,926)
C.CASH FLOW FROM FINANCING ACTIVITIES		
Cash Credit facility	760,212	47,838,824
Increase in Unsecured Loans	96,235,279	149,884,000
Decrease in secured Loans	(36,851,500)	(32,344,484)
Interest paid	(21,069,002)	(19,908,140)
Net cash from financing activities	C 39,074,989	145,470,200
Net cash flows during the year	(A + B + C) (4,614,507)	4,044,252
CASH & CASH EQUIVALENTS		
Opening balance	9,028,915	4,984,663
Closing balance	4,414,408	9,028,915
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,614,507)	4,044,252

This is the Cash Flow statement referred to in our report of even date

For **MAHARAJ RAJAN & MATHEW,**
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED,**

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

SCHEDULE – X: NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF ACCOUNTS

1. **Basis for preparation of financial statements and method of accounting**

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with policies generally accepted in India including Accounting Standards issued by the Institute of Chartered Accountants of India.

2. **Use of estimates**

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.

3. **Fixed Assets**

- a) Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
- b) Depreciation is charged on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956.
- c) In respect of software developed internally the cost is amortised over a period of 5 years.

4. **Borrowing costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that has necessarily taken substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

5. **Inventories**

Raw materials, consumables and work-in-progress are valued at cost or net realizable value, whichever is lower. Stores and Spares are valued at cost.

6. **Revenue Recognition**

Sales are net of rebate, discount, excise duty and sales tax (VAT).

7. **Transactions in Foreign Exchange**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities at the year end are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All exchange differences are dealt with in the statement of Accounts.

8. **Employee Benefits / Retirement Benefits.**

Leave Encashment Benefit accounted on the basis that such benefits is payable to employees at the end of the year. Gratuity Provision is made based on actuarial valuation. Provident Fund contribution is as per the rate prescribed by the related Act.

9. **Miscellaneous Expenditure**

1/5 of the preliminary expenses and initial Advertisement & sales promotion expenditure are written off every year. Goodwill appearing in the Book has been amortized in the ratio 1/5, from 2006-07 onwards.

10. **Research & Development.**

Revenue expenditure on research and development is charged to Profit & Loss account. Capital expenditure on research and development is included as a part of fixed assets and depreciated on the same basis as other fixed assets.

11. **Intangible Assets**

Intangible assets are recognized on the basis of the future economic benefits that will flow to the enterprise. The assets are recorded at the price paid to acquire them. Intangible assets will be written off over a period of their estimated useful lives.

12. Impairment of assets

Impairment loss if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of useful life.

13. Investments

Investments are stated at cost less provision for diminution other than temporary in their values.

14. Provision for Tax

Income tax and Deferred tax provision for the year is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted by using the tax rates and laws that are enacted or substantively enacted on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. (Fringe benefit tax is provided in respect of the benefits provided to employees during the year at the prescribed rates as per section 115WC of the Income Tax Act, 1961).

B. NOTES TO ACCOUNTS

- a. Loans and Advance includes loan of Rs. 1,66,43,678/- given to Subsidiary Companies namely, M/s.Ayurvedagram Heritage Wellness Centre Pvt. Ltd. Rs. 33,00,000/-, Ayu Inc. Rs. 39,99,492/-, Ayurvedic Academy Inc. Rs. 76,11,759/- and CMS Katra Holdings LLC Rs. 17,32,427/-.
- b. Rates and taxes include Rs. 17,86,176/- sales tax paid under Amnesty Scheme under KGST Act for the years 1994-95 to 2004-05 and Rs. 2,96,551/- excise duty towards Kesini Oil case which was paid under protest is now written off.
- c. During the year KatraSoft Europe GmbH was voluntarily liquidated and the process was completed on 27th March 2009, accordingly the diminution in the value of Investment and the operating loss up to the date of liquidation was charged to Profit and Loss Account
- d. During the year a small portion of factory land was acquired by NHAI for highway expansion, whereby the company realised a profit of Rs. 52,19,267/- and it has appealed for enhanced compensation.
- e. The company has acquired land near Cochin International Airport for Health resort project and has completed registration formalities for a portion of the land and registration process for the remaining land is under progress.
- f. During the year unclaimed deposit of Rs 10000/- was credited to the Investor Education and Protection Fund on 24th October 2008 as per section 58A of the Companies Act, 1956.
- g. Contingent Liabilities
 - i) Company has given a corporate guarantee of Rs.6,00,00,000/- to Axis Bank Ltd., towards the Credit facilities availed by subsidiary company M/s Ayurvedagram Heritage Wellness Centre Pvt. Ltd.
 - ii) The company has given a bank guarantee of Rs.10,00,000/- to The Ministry of Indian Affairs, Office of Protector General of Emigrants, New Delhi.
- h. Sundry Creditors include Rs. 15,97,518/- (Previous year Rs. 3,88,562/-) due to Small Scale and ancillary industrial undertakings to the extent such parties, have been identified from the available documents/ information. The names of SSI units to whom amounts due for more than 30 days are Chancellor Cartons, J K Plastics, Duropack Industries
- i. Confirmation letters have been sent to the Debtors and Creditors seeking confirmation of balances, stating that in the absence of any reply the book figure will be taken as confirmed and confirmations have been received in some cases.
- j. The previous year figures have been re-grouped / re-classified wherever necessary.
- k. Taxation
 - 1) Provision for current tax

No provision for taxation has been made as no tax is payable during the year under the provisions of the Income Tax Act 1961

2) Deferred taxation

The status and break up is given below

(Rupees)

Deferred Head	Position on 31.03.2008		Current Year		Position as on 31.03.2009	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Depreciation		1,12,59,327	4,02,591			1,08,56,736
Unabsorbed Depreciation	1,43,38,965	15,54,764			1,58,93,729	
Unabsorbed Business Loss	2,14,28,688		94,04,646		3,08,33,334	
Provision for gratuity	14,74,019		1,45,826		16,19,845	
	3,72,41,672	1,12,59,327	1,15,07,827		4,83,46,908	1,08,56,736
Net		2,59,82,345	1,15,07,827		3,74,90,172	

l. Details of Raw materials consumed.

Item	Unit	2008-09		2007-08	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Jaggery	Kg.	68,304	17,39,011	63,460	9,08,115
Ghee	Kg	10,068	18,60,392	10,625	18,53,372
Honey	Kg.	6,462	4,71,753	6,334	3,68,392
Sugar	Kg.	83,567	18,42,660	89,460	13,24,913
Milk	Ltr.	71,747	14,77,271	68,422	12,98,655
Oil	Kg.	86,645	68,93,517	79,151	53,03,363
Herbs & Raw drugs			2,49,46,376		1,88,62,449
			3,92,30,980		2,99,19,259

m. Licensed and Installed capacities and actual production:

Particulars	Unit	Licensed Capacity	Installed Capacity	Production	
				2008-09	2007-08
Kashayam Arishtam, Oil Kuzhambu etc.	Ltr	NA	672000	4,21,430	3,92,822
Lehyam Chooram Ghritham etc.	Kg	NA	134400	78,186	71,100
Gulikas	1000 Nos.	NA	54000	38,777	62,378

n. Particulars of turnover and stock.

Particulars	Unit	Opening Stock		Closing Stock		Turn over	
		Quantity	Value	Quantity	Value	Quantity	Value
Kashayam, Arishtam Oil, Kuzhambu etc.	Ltr	60,434 (1,20,118)	1,88,88,576 (2,67,86,314)	1,04,396 (60,434)	2,67,09,161 (1,88,88,576)	3,77,468 (4,52,506)	7,23,30,942 (8,05,13,378)
Lehyam, Chooram Ghritham etc.	Kg	15,003 (60,703)	43,06,550 (1,23,61,058)	17,255 (15,003)	65,09,458 (43,06,550)	75,934 (1,16,800)	1,96,10,465 (2,28,82,703)
Gulikas	1000 Nos.	43,397 (14,797)	2,65,37,621 (65,65,374)	12,593 (43,397)	2,39,69,803 (2,65,37,621)	69,581 (33,778)	5,58,75,765 (2,82,07,988)
Total			4,97,32,747 (4,57,12,746)		5,71,88,422 (4,97,32,747)		14,78,17,172 (13,16,04,069)

* Previous years figures are in brackets and value is at Kerala MRP.

o. Managerial Remuneration

Name	Designation		2008-09	2007-08
Dr. K Anilkumar	Executive Director	Basic	19,20,000	16,80,000
		Special Allowance	15,00,000	15,00,000
		HRA	7,68,000	6,72,000
		PF contribution	1,92,000	1,68,000
		Medical Reimb.	12,000	9,624
		Leave Travel Allow.	18,161	
	Total:		44,10,161	40,29,624

* Ministry of Company Affairs, Government of India vide its letter No.12/329/2006-CL.VII dated March 22, 2007 has approved the appointment of Dr. K Anilkumar as Executive Director (Technical) in accordance with Section 269 of the Companies Act, 1956 for a period of three years with effect from June 28, 2006. The remuneration paid to him during 2008-09 is within the limits prescribed in the above said approval.

	2008-09	2007-08
p. Earnings in Foreign Exchange:-		
F.O.B Value of Export	99,45,758	3,21,36,907
q. Expenditure in foreign currency	3,14,884	85,38,103
r. Auditor's Remuneration		
For Audit	60,000	60,000
Tax Audit	30,000	30,000
Out of Pocket Exp	11,067	9,095
Certification & other matters	24,250	—
Total	1,25,317	99,095

s. Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures issued by the Institute of Chartered Accountants of India:

(A) Names of the related party and nature of relationship where control exists:

Sl No	Name of the Company	Nature of Relationship
1	Katra Holdings Limited, Mauritius	Holding Company
2	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.*	Subsidiary
3	Ayu Inc, USA	Wholly owned Subsidiary
4	Ayu Natural Medicine Clinic PS, USA	-do-
5	Ayurvedic Academy Inc., USA	-do-
6	KatraSoft Europe GmbH, Germany	-do-
7	CMS Katra Holdings LLC, USA	Subsidiary
8	CMS Katra Nursing LLC, USA	Step down Subsidiary

(B) Other Related Parties:

Sl.No	Related Party	Relationship
1	Dr. K.Anilkumar	Key Management Personnel
2	Mrs. Sunitha Anilkumar**	Relative of Key Management Personnel
3	Mrs. Chithra Gopinath**	-do-

(C) Companies controlled by Directors/Relatives.

Katra Phytochem India Pvt. Ltd.	Global AgriSystem Pvt. Ltd.
Arudrama Developments Pvt. Ltd.	Katra Marine Pvt. Ltd.
Asha Medical Foundation Pvt. Ltd.	Mason & Summers Alcobev Pvt. Ltd.
Avan Agrotech Pvt. Ltd.	Mason & Summers Leisure Pvt. Ltd.
Katra Holding Pvt. Ltd.	Mason & Summers Marketing Service Pvt. Ltd.
Katra Liquor Pvt. Ltd.	Seagrow Bio-Technics India Pvt. Ltd
All Seasons Herbs Pvt. Ltd.*	

* In accordance with the prior approval obtained from the Central Government, the company has entered into Contract/ transactions with these companies.

**Company has taken on rent the premises belong to them for running of its Hospital/ Pharmacy at Aluva, Kerala.

(D) Nature and volume of transactions for the year ended 31st March 2009

Nature of Transaction	Subsidiary Companies	Holding Company	Key Management Personnel	Relatives of Management Personnel	Enterprise over which key managerial personnel or other relatives exercise significant influence
Purchase of Goods	-	-	-	-	6,250,695 (4,661,806)
Sale of Goods	4,406,227 (19,62,044)	-	-	-	-
Services income	301,400 (66,354)	NIL (26,674,241)	-	-	NIL (2,677,663)
Reimbursement of Expenses to KAL	6,845 (3,500)	-	-	-	765,965 (256,953)
Reimbursement of Expenses by KAL	84,675 (NIL)	-	-	-	32,504 (NIL)
Paid for Services	199,895 (287,668)	-	-	-	-
Rent Paid	-	-	-	598,500 (522,500)	-
Remuneration Paid	-	-	4,410,161 (4,029,624)	-	-
Purchase of Fixed Asset	100,000 (NIL)	-	-	-	-
Loan taken during the year and repayment of loans by the subsidiaries	104,667,442 (NIL)	-	-	-	189,472,141 (250,883,584)
Loan repaid / additional loans granted to Subsidiaries during the year	52,123,686 (67,303,710)	-	-	-	99,856,400 (169,297,339)

*Previous year figures are in brackets

t. Segment wise Revenue, Results and Capital employed for the year ended 31st March, 2009.

Particulars	Year Ended	
	31.03.09	31.03.08
1.Segment Revenue		
A) Ayurveda Business	1,751.44	1,411.69
B) Healthcare Software Business	77.03	357.00
Total	1,828.47	1,768.69
Less-Inter Segment Revenue		2.07
Gross Sales/Income from Operation	1,828.47	1,766.62
2.Segment Result		
A) Ayurveda Business	4.68	(271.88)
B) Healthcare Software Business	(133.88)	11.72
Total	(129.20)	(260.16)
Less: Interest (Not Allocable)	210.69	199.09
Other Unallocable Expenditure	164.10	168.16
Total Profit/(Loss) before Tax	(503.99)	(627.41)
3.Capital Employed		
A) Ayurveda Business	3,704.92	3,435.08
B) Healthcare Software Business	454.89	505.76
C) Other Unallocable	1,136.04	1,148.24
Total Capital Employed	5,295.85	5,089.08

u. Schedules A to W form an integral part of the Balance Sheet and Profit and Loss Account.

v. **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

i. Registration Details

Registration No. **L24233KL1992PLC006592** State Code **09**Balance Sheet Date: **31.03.2009**

ii. Capital raised during the year (Amount in Rs.Thousands)

Public Issue

NIL

Right Issue

NIL

Bonus Shares

NIL

Private Placement

NIL

iii. Position of mobilization and Development of Funds (Amount in Rs.Thousands)

Total Liabilities

638130

Total Assets

638130

Sources of Funds

Paid-up Capital

105557

Share Warrant Appl. Money

1

Share Warrant Appl. Money Forfeited

1431

Reserves & Surplus

119424

Secured Loans

125571

Unsecured loans

286146

Application of funds

Net Fixed Assets

168300

Investment

113604

Net Current Assets

196685

Misc. Expenditure

13507

Accumulated Losses

108544

Deferred asset

37490

iv. Performance of company (amount in Rs. Thousands)

Turnover (Gross Revenue)

199529

Total Expenditure

249928

-/+ Profit/Loss Before Tax

-50399

-/+ Profit/Loss after tax

-39466

Earning per share in Rs.

NA

Dividend rate %

NIL

(Weighted average)

v. Generic Name of Three Principal Products/Services of company(as per monetary terms)

Item Code No.

3003.31

Product Description

Ayurvedic Classical medicines

Item Code No.

3003.31

Product Description

Ayurvedic Patent Medicines

Item Code No.

Product Description

Ayurvedic Treatment and Health Service

For **MAHARAJ RAJAN & MATHEW,**
Chartered AccountantsFor and on behalf of the Board
For **KERALA AYURVEDA LIMITED,****MATHEW JOSEPH**
Partner**Dr. K ANILKUMAR**
Executive DirectorBANGALORE
29.06.2009**JAISON THOMAS**
Company Secretary**A T JACOB**
Director

Kerala Ayurveda Limited

STATEMENT PURSUANT TO SECTION 212(1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the subsidiary company	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Ayu Inc.	Ayu Natural Medicine Clinic PS.	Ayurvedic Academy Inc.	Katra soft Europe Gmbh ***	CMS Katra Holdings LLC	CMS Katra Nursing LLC **
No.of Shares held in Subsidiary Company as on the above date	16,65,000 Equity Shares of Rs10 each fully paid up	100* Share of no par Value	100* Share of no par Value	100* Share of no par Value	NIL	817 shares of par value USD1	51 shares of USD 100
Extent of Holding	74%	100%	100%	100%	100%	80%	51%
The "financial year" of the subsidiary company ended on	31st March 2009	31st March 2009	31st March 2009	31st March 2009	27th March 2009	31st March 2009	31st March 2009
Net aggregate amount of the subsidiary company's profits/ losses dealt with in the holding company's accounts For the subsidiary's aforesaid financial year	NIL	NIL	Nil	NIL	Rs.(14.50) Lacs	NIL	NIL
For the previous financial years since it became subsidiary	NIL	NIL	Nil	NIL	Rs.(10.99) Lacs	NIL	NIL
Net aggregate amount of the subsidiary company 's profits/(losses) not dealt with in the holding company's accounts							
For the subsidiary's aforesaid financial year	Rs.6.30 Lacs	Rs.(56.02) Lacs	Rs.(340.45) Lacs	Rs.(120.87) Lacs	NIL	Rs.(11.30) Lacs	Rs. (309.51) Lacs
For the previous financial years since it became subsidiary	Rs.17.06 Lacs	Rs.(136.82)Lacs	Rs.(172.05) Lacs	Rs.(242.91) Lacs	NIL	Rs.9.73 Lacs	Rs.(184.06) Lacs
Material Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NIL	NIL	NIL	NIL	Voluntarily Liquidated		NIL NIL
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NIL	NIL	NIL	NIL	Voluntarily Liquidated	NIL	NIL

Note: - The foreign exchange rate used for converting amounts in USD to INR is Rs. 50.95 as on 31st March 2009 and the loss of Katra Soft Europe GmbH INR is at the value recorded in KAL books

* These shares were allotted by the company without any par value.

** CMS Katra Nursing LLC is a 51% subsidiary of CMS Katra Holdings LLC.

*** Katra Soft Europe GmbH has been voluntarily liquidated and the process was completed on 27th March 2009.

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED,**

BANGALORE
01.09.2009

JAISON THOMAS
Company Secretary

A T JACOB
Director

Dr. K ANILKUMAR
Executive Director

Kerala Ayurveda Limited

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

Name of the subsidiary company	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Ayu Inc.	Ayu Natural Medicine Clinic PS.	Ayurvedic Academy Inc.	Katra soft Europe GmbH	CMS Katra Holdings LLC	CMS Katra Nursing LLC
Capital Reserves/(Accumulated Losses) (Rs.1.44 lacs)	Rs. 225 lacs (Rs.192.84lacs)	NIL * (Rs.512.50lacs)	NIL * (Rs.363.78lacs)	NIL * NIL	NIL (Rs.1.57 lacs)	Rs.0.52 lacs (Rs.493.57 lacs)	Rs.5.10 lacs
Total Assets	Rs.740.20 lacs	Rs. 341.73 lacs	Rs.122.55 lacs	Rs.416.51 lacs	Rs.2.94 lacs	Rs.786.12 lacs	Rs.200.63 lacs
Total Liabilities	Rs.516.64 lacs	Rs.534.57 lacs	Rs.635.05 lacs	Rs.780.29 lacs	Rs.2.94 lacs	Rs.785.12 lacs	Rs.689.10 lacs
Details of Investment (Excluding Investment in Subsidiaries)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Turnover	Rs.345.40lacs	Rs2.58 lacs	Rs.577.60 lacs	Rs.281.74 lacs	NIL	NIL	Rs.1564.76 lacs
Profit/(Loss) Before Tax	Rs.11.94 lacs	(Rs.56.02 lacs)	(Rs.340.45lacs)	(Rs.120.87 lacs)	(Rs.14.50 lacs)	(Rs.10.78 lacs)	(Rs.309.51 lacs)
Provision for Tax	Rs.5.64 lacs	NIL	NIL	NIL	NIL	Rs.0.52 lacs	NIL
Profit/(Loss) After Tax	Rs.6.30 lacs	(Rs.56.02lacs)	(Rs.340.45lacs)	(Rs.120.87 lacs)	(Rs.14.50 lacs)	(Rs.11.30 lacs)	(Rs.309.51 lacs)
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL

*These shares were allotted by the company without any par value

Notes:

1. None of the above companies has proposed any dividend
2. The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.
3. The foreign exchange rate used for converting amounts in US\$ to INR is Rs. **50.95** as on 31st March 2009 and Euro to INR is Rs.**67.48** as on 31st March 2009.
4. The annual accounts of the subsidiary companies & the related detailed information will be made available to the investor, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investors in the Registered Office of your company and that of Subsidiary concerned.

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of
KERALA AYURVEDA LIMITED,

1. We have audited the attached Consolidated Balance Sheet of Kerala Ayurveda Limited and Its Subsidiaries (the Group) as at 31st March 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed there to. These consolidated financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting standard (AS-21) Consolidated financial statements and (AS-23) Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. We did not audit the financial statements of Ayurvedagram Heritage Wellness Centre Private Limited, Bangalore, Ayu Natural Medicine Clinic PS., Ayurvedic Academy Inc., Ayu Inc., Katrasoft Europe GmbH, CMS Katra Holdings LLC and CMS Katra Nursing LLC, subsidiaries whose financial statements reflect total assets of Rs. 3837.26 lacs and total revenue of Rs. 2772.08 lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is solely on the report of the other auditors.
5. Based on our audit and on consideration of the report of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the consolidated Balance Sheet, of the state of the Group as at 31st March, 2009;
 - b) In the case of the consolidated Profit and Loss Account of the Group for the year ended on that date.
 - c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Maharaj Rajan & Mathew,**
Chartered Accountants

Place : Kochi
Date : 29.06.2009

Mathew Joseph, Partner
Membership No.22658

Kerala Ayurveda Limited

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2009

Particulars	SCHEDULE	31.03.2009 Rupees	31.03.2008 Rupees
I SOURCES OF FUNDS			
1) Shareholders Funds			
Share Capital	A	105,556,700	105,556,700
Warrant Application Money		1,494	1,494
Share Warrant Application Money Forfeited		1,431,000	1,431,000
Reserves and Surplus	B	120,307,248	120,019,656
2) Loan Funds		-	-
Secured Loans	C	168,928,262	216,439,239
Unsecured Loans	D	463,278,869	215,169,151
Minority Interest		5,972,871	5,809,173
		865,476,444	664,426,413
II APPLICATION OF FUNDS			
1) Fixed Assets			
Gross Block		304,803,602	255,818,022
Less Depreciation		65,219,694	54,931,079
Net Block		239,583,908	200,886,943
Capital Work In Progress		6,077,500	17,130,037
Good will on consolidation		98,075,426	98,248,839
		-	-
2) Investments	F	517,500	317,500
		-	-
DEFFERED TAX ASSETS		36,331,371	25,192,614
3) Current Assets, Loans & Advances		-	-
Inventories	G	73,497,929	60,201,086
Sundry Debtors	H	68,286,646	66,797,234
Cash & Bank balances	I	5,645,479	13,953,471
Loans & Advances	J	108,330,130	76,801,123
		255,760,184	217,752,914
Less: Current Liabilities & Provisions	K	77,897,139	68,991,770
Net Current Assets		177,863,045	148,761,144
4) Miscellaneous Expenditure (To the extent not Written off or adjusted)	L	43,992,194	47,252,848
5) Profit & Loss account	M	263,035,501	126,636,488
		865,476,444	664,426,413
Significant Accounting Policies & Notes to Account	X		

This is the Balance Sheet referred to in our report of even date

For **MAHARAJ RAJAN & MATHEW,**
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED,**

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

Kerala Ayurveda Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

Particulars	SCHEDULE	31.03.2009 Rupees	31.03.2008 Rupees
INCOME			
Sale of Products & Services	N	455,206,790	292,245,403
Other Income	O	21,283,619	6,803,925
		476,490,409	299,049,328
Less: VAT & Excise duty		10,036,405	12,359,464
Total		466,454,004	286,689,864
EXPENDITURE			
(Increase)/Decrease in stocks	P	(7,455,675)	(4,020,004)
Raw Materials & Packing Materials Consumed	Q	53,086,533	43,718,143
Cost of Sales		147,037,591	15,942,616
Manufacturing Expenses	R	19,766,285	17,813,203
Staff Cost	S	162,411,295	149,301,415
Administrative Expenses	T	97,676,177	82,084,580
Selling & Distribution Expenses	U	52,373,872	42,690,543
Finance Charges	V	35,636,474	29,555,004
Depreciation	E	10,471,951	9,663,962
Miscellaneous Expenses Written off	W	12,923,819	3,555,273
Amortisation of Goodwill	E	6,720,864	6,720,864
Amortisation of Software	E	7,371,048	-
		598,020,234	397,025,599
Profit/Loss Before Taxes		(131,566,230)	(110,335,735)
Provision for Current Tax/MAT		177,241	232,700
Provision for Fringe Benefit Tax		645,172	676,304
Provision for Deferred Tax Assets		11,138,757	16,274,193
Profit/Loss after Taxation before Minority Interest		(121,249,886)	(94,970,546)
Less Minority Interest		163,698	57,109
Profit/Loss after Taxation after Minority Interest	M	(121,413,584)	(95,027,655)
Profit/(Loss) brought forward from previous year		(126,636,488)	(31,608,833)
Forex fluctuation on Opening loss		(14,985,429)	-
Appropriation		-	-
Profit/(Loss) Carried forward to Balance Sheet		(263,035,501)	(126,636,488)
Significant Accounting Policies & Notes to Account	X		

This is the Profit and Loss Account referred to in our report of even date

For **MAHARAJ RAJAN & MATHEW,**
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED,**

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

Kerala Ayurveda Limited

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31.03.2009

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE A: SHARE CAPITAL		
Authorised:		
12000000 Equity Shares of Rs.10/- each	120,000,000	120,000,000
Issued,Subscribed and paid up		
10555670 Equity Shares of Rs.10/- each fully paid up	105,556,700	105,556,700
Notes: of the above		
1. 48;13,602 Shares were issued as fully paid up for consideration other than cash		
2. Promoters hold 64,93,435 Shares through their Holding Company M/s Katra Holdings Ltd, Mauritius.		
	105,556,700	105,556,700
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve	3,110,879	3,110,879
Share Premium	114,514,976	114,514,976
General reserve	1,798,000	1,798,000
Forex Fluctuation Reserve	883,393	595,801
	120,307,248	120,019,656
SCHEDULE C: SECURED LOANS		
Axis bank -Term Loan 1	42,500,000	58,437,500
Axis bank -Term Loan 2	32,500,004	54,166,668
Axis Bank,Bangalore(OCC)	48,599,035	47,838,824
Axis bank -Term Loan 1(AHWC)	29,749,823	39,005,684
Axis bank -Term Loan 2(AHWC)	8,551,262	10,869,809
Axis Bank OD Account-(AHWC)	5,056,098	4,901,378
Interest Accrued and due	1,972,040	1,219,376
(Credit Facilities from Axis Bank are secured Against mortgage of land and building and hypothecation of other fixed assets and personal guarantee of one of the director. Company's Inventory and Book Debts are pledged against the overdraft limit)		
	168,928,262	216,439,239
SCHEDULE D : UNSECURED LOANS		
From Directors & Share Holders	2,870,183	2,925,183
From Others	459,860,825	211,282,314
From NBFC	547,861	961,654
	463,278,869	215,169,151

Kerala Ayurveda Limited

SCHEDULE E-FIXED ASSETS- FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009

	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK		
		As at 01.04.2008	Addition	Deductions	Amortisation	Exchange Diff	As at 31.03.2009	Up to 31.03.2008	For the year	Deduction	Exchange Diff	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
1	Land & Development	42,594,526	18,814,269	254,182	-	-	61,154,613	-	-	-	-	-	61,154,613	42,594,526
2	Building	74,379,621	2,698,651	235,114	-	-	76,843,158	14,576,885	1,970,473	18,490	-	16,528,868	60,314,290	59,802,736
3	Plant & Machinery	30,106,016	1,000,425	750	-	-	31,105,690	11,468,375	1,448,624	-	-	12,916,999	18,188,691	18,637,641
4	Electrical Fittings	4,059,470	39,866	-	-	-	4,099,336	1,777,589	192,649	-	-	1,970,238	2,129,098	2,281,881
5	Furniture & Fixtures	59,517,510	858,079	383,242	-	115,230	60,107,577	17,632,933	3,937,231	97,546	27,434	21,500,051	38,607,526	41,884,577
6	Office Equipments	10,130,699	629,466	285,720	-	38,517	10,512,962	5,867,444	1,293,209	112,264	4,619	7,053,009	3,459,954	4,263,254
7	Computer & Accessories	7,513,931	534,217	-	-	53,070	8,101,218	1,693,239	1,322,485	-	12,912	3,028,636	5,072,582	5,820,692
8	Vehicles	3,261,499	-	-	-	-	3,261,499	795,161	305,590	-	-	1,100,750	2,160,749	2,466,399
9	Misc. Fixed Assets	4,092,155	67,295	-	-	-	4,159,450	1,119,453	1,690	-	-	1,121,143	3,038,307	2,972,702
	Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Goodwill on Merger	20,162,595	-	-	6,720,864	-	13,441,731	-	-	-	-	-	13,441,731	20,162,595
11	Software	-	39,387,415	-	7,371,048	-	32,016,367	-	-	-	-	-	32,016,367	-
	TOTAL	255,818,022	64,029,683	1,159,008	14,091,912	206,817	304,803,602	54,931,079	10,471,951	228,300	44,965	65,219,694	239,583,908	200,886,943
	Capital WIP	17,130,037	6,077,500	17,130,037	-	-	6,077,500	-	-	-	-	-	6,077,500	17,130,037
	GRAND TOTAL	272,948,059	70,107,183	18,289,045	14,091,912	206,817	310,881,102	54,931,079	10,471,951	228,300	44,965	65,219,694	245,661,408	218,016,980
	Previous Year	267,774,712	31,958,787	709,830	6,720,864	(42,046)	292,260,759	45,470,094	9,663,962	199,579	(3,398)	54,931,079	237,329,680	222,304,618

Note: Land & Development included Rs.10.10 lacs for a portion of the land at Bangalore, even though the sale deed is yet to be registered. The company has obtained power of attorney and is in full possession of the said property.

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE F : INVESTMENTS		
Non Trade		
500 equity shares of Rs 10 each fully paid up in Canara bank limited Market Value Rs 165.90 last Year Rs 225/- per share	17,500	17,500
Share application money towards purchase of shares in Confederation for Ayurvedic Renaissance Keralam Private Limited	500,000	300,000
	517,500	317,500
SCHEDULE G : INVENTORIES (As taken, valued & Certified by Management)		
Finished goods	49,343,179	35,774,634
Work in Progress	13,082,034	14,372,714
Raw Materials	7,579,166	6,774,962
Packing Materials	3,183,441	2,792,856
Furnace Oil	136,023	196,331
Stores & Spares	93,470	92,567
Goods in Transit	80,616	197,022
	73,497,929	60,201,086
SCHEDULE H : SUNDRY DEBTORS		
Debts outstanding for more than 6 months	26,171,277	20,454,245
Other debts	42,115,369	46,342,989
Debts considered good in respect of which the company hold no security other than debtors personal security Rs.6,82,86,646/- (Rs. 6,67,97,234/-)		
Debts considered doubtful or bad Rs.3,98,963/- (Rs.3,98,963/-)		
	68,286,646	66,797,234
SCHEDULE I: CASH AND BANK BALANCES		
Cash in Hand (As certified by Management)	877,486	925,169
Balance with Scheduled banks:- In Current accounts	3,517,090	11,783,768
In Deposit accounts	1,250,903	1,244,534
	5,645,479	13,953,471

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE J: LOANS AND ADVANCES		
(Unsecured considered good and recoverable in cash or in kind or for value to be received)		
Deposits with Govt. Authorities	953,277	942,403
Deposits with others	8,120,657	11,872,135
Income Tax advance	1,157,548	1,215,865
Advance for Purchase	630,209	1,627,136
Advance for Land Purchase	42,828,557	
Other Advances	16,489,058	13,650,976
Other Current Assets	40,699	78,399
Prepaid expense	122,218	204,455
Research Project WIP	7,010,763	
Nursing Business WIP	30,977,144	21,184,754
Software Project WIP	-	26,025,000
	108,330,130	76,801,123
SCHEDULE K-CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors- Mfgs.	24,248,769	15,945,510
Sundry creditors- Others	30,779,879	13,590,176
Deposits from others	1,220,000	1,663,725
Advances from Customers	969,268	2,068,483
Term Loan Interest Accrued but not due	972,629	
Other liabilities	14,507,204	30,165,029
FD matured but not claimed	-	10,000
	72,697,749	63,442,923
PROVISIONS		
Provision for Gratuity	4,979,765	4,468,916
Provision For Taxation	219,625	1,079,931
	77,897,139	68,991,770
SCHEDULE L: MISCELLANEOUS EXPENDITURE		
Deferred Amalgamation Expenditures	2,517,008	3,657,909
Deffered Sales Promotion Exp.	2,561,618	4,381,994
Deffered Expenditure- Brand Design	7,813,842	10,092,329
Deffered Expenditure-R&D	434,208	677,664
Good will & Project expenses	30,484,958	28,192,109
Preliminary Expenses	180,560	250,843
	43,992,194	47,252,848
SCHEDULE M. PROFIT & LOSS ACCOUNT		
Opening balance	126,636,488	31,608,833
Forex Fluctuation & Adjustment	14,985,429	-
Add: Loss during the year	121,413,584	95,027,655
	263,035,501	126,636,488

Kerala Ayurveda Limited

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009.

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE N: SALE OF PRODUCTS AND SERVICES		
Sale of Products	148,685,203	129,569,503
Registration Fees	3,711,292	1,653,047
Treatment Income	47,711,928	49,660,034
Research Consultancy	12,248,308	
Healthcare/Software Service Income	7,642,500	35,654,161
Training Income	1,698,000	1,689,970
Income from Nursing Services	156,476,467	51,247,421
Ayu Service Income	77,033,090	22,771,267
	455,206,790	292,245,403
SCHEDULE O: OTHER INCOME		
Sale of Scrap	70,185	76,677
Miscellaneous Receipts	4,534,695	5,848,770
Profit on Sale of Land	5,219,267	
Interest Received	70,994	878,478
Forex Fluctuation gain	11,388,478	-
	21,283,619	6,803,925
SCHEDULE P: INCREASE/(DECREASE) IN STOCKS		
Closing Stock:-		
Finished Goods	44,106,389	35,360,034
Work In Progress	13,082,034	14,372,714
	57,188,423	49,732,748
Less: Opening Stock:-		
Finished Goods	35,360,034	37,471,680
Work In Progress	14,372,714	8,241,064
	49,732,748	45,712,744
Increase/(Decrease)	7,455,675	4,020,004
SCHEDULE Q: MATERIALS CONSUMED		
Raw materials		
Opening Stock-Raw Material	6,530,389	5,207,207
Add: Purchase - Raw Material	40,082,792	31,242,441
	46,613,181	36,449,648
Less: Closing Stock	7,382,201	6,530,389
Total (A)	39,230,980	29,919,259
Packing Material		
Opening Stock-Packing Material	2,792,856	2,819,607
Add: Purchase - Packing Material	14,246,138	13,772,133
	17,038,994	16,591,740
Less: Closing Stock	3,183,441	2,792,856
Total (B)	13,855,553	13,798,884
Material consumed	53,086,533	43,718,143
SCHEDULE R: MANUFACTURING EXPENSES		
Fuel Consumed	5,640,100	5,026,318
Electricity charges	1,268,726	969,455
Repairs to Plant & Machinery	624,624	247,433
Repairs to Building	103,973	38,211
Other Manufacturing Expenses	3,313,313	2,201,917
Treatment Expenses	8,536,023	9,170,874
Cultivation Expenses	279,526	158,995
	19,766,285	17,813,203

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE S: STAFF COST (Including Managerial Remuneration)		
Salaries, Wages & Bonus	154,883,539	143,336,017
Provident Fund and Other Funds	4,991,238	3,710,804
Workmen and Staff Welfare Expenses	2,536,518	2,254,594
	162,411,295	149,301,415
SCHEDULE T: ADMINISTRATIVE EXPENSES		
Rent	17,535,989	12,603,619
Rates and Taxes	3,075,996	1,305,778
Legal & Professional charges	1,353,000	712,389
Directors Expenses	25,000	44,848
Directors Sitting Fee	275,000	255,000
Research and Development Expenses	643,851	1,161,307
Travelling -Others	6,918,803	6,210,111
Loss on sale of fixed Asset	83,088	60,251
Auditors remuneration	156,180	157,416
Vehicle Maintenance	99,891	233,345
Insurance	128,412	3,247,898
Travelling -Corporate	3,319,665	4,054,888
Founders Day Expenses	1,010,478	1,147,256
Electricity charges	1,500,885	2,209,243
Printing & Stationery	1,809,136	1,489,279
Postage & Telephone	3,522,097	2,563,364
Secretarial Expenses	676,127	571,751
Repairs & maintenance	2,719,519	2,343,336
Diminution in Value of Invest & Fund to Subsidiary	(302,053)	
Other Administrative Expenses	42,111,078	41,713,501
Professional fees	11,014,035	
	97,676,177	82,084,580
SCHEDULE U: SELLING & DISTRIBUTION EXPENSES		
Travelling -Sales Staff	12,115,818	9,010,218
Advertisements	8,585,789	17,162,391
Training Expenses	604,083	212,970
Other Selling & Distribution Expenses	31,068,182	16,304,964
	52,373,872	42,690,543
SCHEDULE V :FINANCE CHARGES		
Interest to Bank - On Term Loan & OD	19,470,502	24,342,650
Interest to Bank-Cash credit/OD	7,176,807	1,468,279
Interest to Others	375,467	1,291,577
Bank Charges	8,613,698	2,452,498
	35,636,474	29,555,004
SCHEDULE W : MISCELLANEOUS EXPENDITURE W/OFF		
Deffered Sales Promotion Expenditure	4,098,863	2,185,884
Ammalgamation Expense	1,140,901	1,030,752
Preliminary Expenses W/Off	70,284	95,181
Deffered R&D Expense W/Off	243,456	243,456
Project Exp & Acquition GW W/off	7,370,315	-
	12,923,819	3,555,273

Kerala Ayurveda Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

Particulars	31.03.2009 Rupees	31.03.2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before Tax and Interest	(95,929,756)	(80,780,731)
Adjustment for:		
Depreciation	10,471,951	9,663,962
Interest Received	(70,994)	(878,478)
Dividend Received	(4,000)	(3,500)
Goodwill written Off	6,720,864	6,720,864
Amortisation of Software	7,371,048	
Miscellaneous Expenditure & Deffered Exp W /off	12,923,819	3,555,273
Deffered Exps- Goodwill Patent	(9,663,163)	(18,995,047)
Long Term capital on Sale of land	(5,219,267)	
Profit/Loss on sale of fixed assets	83,088	60,251
Fixed assets written off		55,000
<i>Operating profit before working capital changes</i>	(73,316,410)	(80,602,405)
Adjustments for:		
Trade receivables	(1,489,412)	(24,484,731)
Other Receivables	(40,750,853)	4,669,394
Inventories	(13,296,844)	(5,776,081)
Work In Progress-Software and Nursing Business	9,221,847	(33,423,575)
Current Liabilities & Provisions	8,905,369	27,172,502
<i>Cash generated from operations</i>	(110,726,303)	(112,444,896)
Direct taxes paid	(822,413)	(909,004)
Foreign Exchange Fluctuation(Net)	(15,023,384)	595,801
Net cash from operating activities	A (126,572,100)	(112,758,099)
B.CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(46,984,899)	(31,872,717)
Capital Work In progress	(6,077,500)	(47,420)
Sale of fixed assets	6,152,135	395,000
Investments	(200,000)	
Business Acquisition	173,413	(13,274)
Dividend Received	4,000	3,500
Interest Received	70,994	878,478
Net cash used in Investing activities	B (46,861,857)	(30,656,432)
C.CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Minority Interest	163,698	243,865
Utilisation of Cash Credit facility		50,916,601
Increase in Unsecured Loans	248,109,718	162,705,852
Decrease in secured Loans	(47,510,977)	(34,574,930)
Interest paid	(35,636,474)	(29,555,004)
Net cash from financing activities	C 165,125,965	149,736,384
Net cash flows during the year	(A + B + C) (8,307,992)	6,321,853
CASH & CASH EQUIVALENTS		
Opening balance	13,953,471	7,631,618
Closing balance	5,645,479	13,953,471
Net Increase/(Decrease) in Cash & Cash Equivalentts	(8,307,992)	(6,321,853)

This is the Cash Flow statement referred to in our report of even date

For **MAHARAJ RAJAN & MATHEW**,
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED**,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

SCHEDULE –X: NOTES ON CONSOLIDATED FINANCIAL STATEMENTS
A. Significant Accounting Policies FOLLOWED IN THE COMPILATION OF ACCOUNTS
1. Principles of Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and comply with the Accounting standards on consolidated financial statements (AS 21) and on Accounting for investments in associates in consolidated financial statements (AS 23), issued by the Institute of Chartered Accountants of India.

2. Basis of Preparation

The financial statement of the Kerala Ayurveda Limited and its subsidiaries are prepared on historical cost convention, on the accrual basis of accounting. Foreign subsidiaries results/accounts have been converted into Rupees value at year end rate of 1 US\$ = Rs.50.95 and 1 Euro = Rs.67.48.

3. Fixed Assets

- a) Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
- b) Depreciation is charged on Straight line method/ Written down value method as the case may be at the rates permissible under applicable local laws. Intangible assets will be written off over a period of their estimated useful lives.
- c) In respect of software developed internally the cost is amortised over a period of 5 years.

4. Use of estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.

5. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that has necessarily taken substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

6. Good Will

Good will arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Groups interest in the net value of identifiable assets, Liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Good will is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

7. Inventories

Raw materials, consumables and work-in-progress are valued at cost or net realizable value, whichever is lower. Stores and Spares are valued at cost.

8. Revenue Recognition

Sales are net of rebate and discount and include excise duty and VAT. Treatment income & Consulting charges is recognized on completion of each service & consultation and research/healthcare consultancy income is recognized on accrual basis

9. Transactions in Foreign Exchange

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities at the year end are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All exchange differences are dealt with in the statement of profit and loss account.

10. Employee Benefits / Retirement Benefits.

- Leave Encashment Benefit accounted on the basis that such benefits is payable to employees at the end of the year.
- Gratuity Provision is made based on actuarial valuation.
- Provident Fund contribution is as per the rate prescribed by the related Act.

11. Miscellaneous Expenditure

1/5 of the preliminary expenses and initial Advertisement & sales promotion expenditure are written off every year. Goodwill appearing in the Book consequent to the merger has been amortised in the ratio 1/5, from 2006-2007 onwards.

12. Research & Development.

Revenue expenditure on research and development is charged to Profit & Loss account. Capital expenditure on research and development is included as a part of fixed assets and depreciated on the same basis as other fixed assets.

13. Investments

Investments are stated at cost less provision for diminution other than temporary in their values.

14. Intangible Assets

Intangible assets are recognized on the basis of the future economic benefits that will flow to the enterprise. The assets are recorded at the price paid to acquire them.

14. Impairment of assets

Impairment loss if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of useful life.

16. Provision for Tax

Income tax and Deferred tax provision for the year is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted by using the tax rates and laws that are enacted or substantively enacted on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. Fringe benefit tax is provided in respect of the benefits provided to employees during the year at the prescribed rates as per section 115WC of the Income Tax Act, 1961.

B. NOTES to ACCOUNTS

- a. During the year KatraSoft Europe GmbH was voluntarily liquidated and the process was completed on 27th March 2009, accordingly the diminution in the value of Investment and the operating expenses upto the date of liquidation was charged to Profit & Loss account.
- b. Details of Subsidiaries

Name of the company	Country of incorporation	% of voting power	Financial year
AyurvedagramHeritage Wellness Centre Pvt. Ltd.	India	74%	April- March
Ayu Natural Medicine Clinic, PS.	USA	100%	April- March
Ayurvedic Academy INC.	USA	100%	April- March
Ayu INC.	USA	100%	April- March
KatraSoft Europe GmbH	Germany	100%	January-December
CMS Katra Holdings LLC	USA	80%	April-March

Principles of consolidation

- The consolidated financial statement is based on the audited financial statements of the subsidiaries for their respective financial years.
- The financial statement of the parent company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, Liabilities, Income and expenses. All intra group balances and transactions have been eliminated on consolidation.
- Minority interest in the net income and net assets of the consolidated financial statements are computed separately.

e. Contingent Liabilities

- i) The company has given a bank guarantee of Rs.10,00,000/- to The Ministry of Indian Affairs, Office of Protector General of Emigrants, New Delhi.

f. Taxation**1) Provision for current tax**

Provision for current tax is computed as per total income under the applicable laws taking into account available deductions and exemptions

2) Deferred taxation

The status and break up is given below

(Rupees)

Deferred Head	Position on 31.03.2008		Position as on 31.03.2009	
	Assets	Liabilities	Assets	Liabilities
Depreciation		1,61,57,391		1,63,16,172
Unabsorbed Depreciation	1,43,38,965		1,58,93,729	
Unabsorbed Business Loss	2,53,98,968		3,49,80,220	
Provision for gratuity	15,59,178		17,12,545	
Expenses allowed on cash basis	52,894		61,049	
Net	4,13,50,005	1,61,57,391	5,26,47,543	1,63,16,172

g. Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures issued by the Institute of Chartered Accountants of India:

(A) Names of the related party and nature of relationship where control exists:

Sl No.	Name of the Company	Nature of Relationship
1.	Katra Holdings Limited, Mauritius	Holding Company

(B) Other Related Parties:

Sl No.	Related Party	Relationship
1.	Dr. K Anilkumar	Key Management Personnel
2	Mr. S K Arunkumar	-do-
3	Mr. Sonjoy Mohanty	-do-
4	Mrs. Sunitha Anilkumar**	Relative of Key Management Personnel
5	Mrs. Chithra Gopinath**	-do-

**Company occupied the premises belong to them for running of its hospital/ Pharmacy at Aluva, Kerala

(C) Companies controlled by Directors/Relatives.

Katra Phytochem India Pvt. Ltd. Arudrama Developments Pvt. Ltd. Asha Medical Foundation Pvt. Ltd. Avan Agrotech Pvt. Ltd. Katra Holding Ltd. Katra Liquor Pvt. Ltd. Katra Marine Pvt. Ltd.	Global AgriSystem Pvt. Ltd. Seagrow Bio-Technics India Pvt Ltd Mason & Summers Alcobev Pvt. Ltd. Mason & Summers Leisure Pvt. Ltd. Mason & Summers Marketing Service Pvt. Ltd. All Seasons Herbs Pvt. Ltd.* Katra Finance Ltd.
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* In accordance with the previous approval obtained from the Central Government, the company has entered into contract transactions with these companies.

(D) Nature and volume of transactions for the year ended 31st March 2009

Nature of Transaction	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which key managerial personnel or other relatives exercise significant influence
Purchase of Goods				6,250,695 (4,661,806)
Services	NIL (26,674,241)			1,926,669 (865,661)
Reimbursement of Expenses to KAL				765,965 (256,953)
Reimbursement of Expenses by KAL				32,504 (NIL)
Rent Paid			5,98,500 (5,22,500)	
Remuneration Paid		71,79,761 (14,193,679)		
Loan taken during the year				377,273,841 (324,817,736)
Loan repaid during the year				157,659,127 (220,042,334)

h. Consolidated Segment wise Revenue, Results and Capital employed for the year ended 31st March, 2009.

	Consolidated Year Ended	
	31.03.09	31.03.08
1. Segment Revenue	Audited	Audited
A) Ayurveda Business	2,855.93	1,993.13
B) Healthcare Services & Software Business	1,641.79	875.82
Total	4,497.71	2,868.95
Less-Inter Segment Revenue	-	2.07
Gross Sales/Income from Operation	4,497.71	2,866.88
2. Segment Result		
A) Ayurveda Business	(466.37)	(589.99)
B) Healthcare Services & Software Business	(328.82)	(146.14)
Total	(795.19)	(736.13)
Less: Interest (Not Allocable)	356.37	199.09
Other Unallocable Exp. net of unallocable income	164.10	168.16
Total Profit/(Loss) before Tax	(1,315.66)	(1,103.38)
3. Capital Employed		
A) Ayurveda Business	5134.70	4571.31
B) Healthcare Services & Software Business	884.53	803.41
C) Other Unallocable-Investments	5.18	3.18
Total Capital Employed	6024.41	5377.90

i. Schedules A to H form an integral part of the Consolidated Balance Sheet and Profit and Loss Account.

For **MAHARAJ RAJAN & MATHEW,**
Chartered Accountants

MATHEW JOSEPH
Partner

BANGALORE
29.06.2009

JAISON THOMAS
Company Secretary

For and on behalf of the Board
For **KERALA AYURVEDA LIMITED,**

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

KERALA AYURVEDA LIMITED

LIST OF HOSPITALS, TREATMENT CENTRES, BRANCHES

<u>HOSPITALS IN KERALA</u>	<u>TREATMENT CENTRES- IN KERALA</u>	<u>BRANCHES IN KERALA(CLINICS)</u>
<p>KAL HOSPITAL BANK ROAD, ALUVA-683 101 ERNAKULAM DIST. PH.:0484-2626119,2623578</p> <p>KERALA AYURVEDA LTD KAMATH HOSPITAL WING NEAR NEW BUS STAND MANGALORE ROAD, KASARGODE-671 121. PH.NO:0499-4222519</p>	<p>KERALA AYURVEDA LTD OLD WARRIAM ROAD EAST A.M.THOMAS ROAD, ERNAKULAM-682 016. PH: 0484-2375292, 2378198</p> <p>OUTSIDE KERALA TREATMENT CENTRES KERALA AYURVEDA LTD AD 20(PLOT NO.3337) 5th AVENUE ANNA NAGAR, CHENNAI-600 040. TAMIL NADU Ph: 044-26214903</p>	<p>KERALA AYURVEDA LTD KOTTAKKAL BUILDINGS, PREMIER JUNCTION,, KALAMASSERY-683104. ERNAKULAM DIST PH:0484-2556770</p> <p>KERALA AYURVEDA LTD FACT EMPLOYEES BUILDING UDYOGAMANDAL, ERNAKULAM DIST-682 501 PH:0484-2546313</p>
<p>OUTSIDE KERALA BRANCHES (CLINICS) MAHARASHTRA: KERALA AYURVEDA LTD BARC, ANUSAKTHI NAGAR TROMBAY, MUMBAI-400 094. MAHARASHTRA Ph: 022-25588595</p> <p>KERALA AYURVEDA LTD NAVINASHA, 126, DADASAHI PHALKE ROAD DADAR, MUMBAI-400 014. MAHARASHTRA Ph: 022-24113101</p> <p>KERALA AYURVEDA LTD DISPENSARY COMPLEX, SNMS AYURVEDA DISPENSARY, 3 & 4, PROJECT COLONY, TAPP P.O-401 504.MAHARASHTRA Ph: 02525-263823</p>	<p>KERALA AYURVEDA LTD No 3282, 12TH MAIN, HAL IIND STAGE, INDIRA NAGAR, BANGALORE-560 038.KARNATAKA PH: 080-25262515</p> <p>KERALA AYURVEDA LTD 6-3-906/B/1, SOMAJIGUDA NEAR YASODA SPECIALITY HOSPITAL HYDERABAD-500 082. ANDHRA PRADESH PH: 040-66613357</p> <p>KERALA AYURVEDA LTD C-84, 10TH CROSS, THILAI NAGAR, TRICHY-620 018. TAMIL NADU PH: 0431-3011156</p>	<p>KERALA AYURVEDA LTD ELIJSYA BUILDING, NEAR NJARACKAL JUNCTION, NJARACKAL, ERNAKULAM DIST-682 505 PH: 0484-2494102</p> <p>KERALA AYURVEDA LTD SOUTH NADA P.O, VAIKOM, KOTTAYAM DIST-682 041 PH:04829-215043</p> <p>KERALA AYURVEDA LTD MARKET ROAD, THALAYOLAPARAMBU, KOTTAYAM DIST-686 605. PH:04829-237395</p>
<p>KARNATAKA: KERALA AYURVEDA LTD 12, BOWRING HOSPITAL ROAD, SHIVAJI NAGAR, BANGALORE-560 001.KARNATAKA Ph: 080-25591825</p> <p>KERALA AYURVEDA LTD NO.285. WHITEFIELD MAIN ROAD, OPP STATE BANK OF MYSORE, BANGALORE-560 065.KARNATAKA Ph: 080-28456212</p>	<p>FRANCHISEE WELLNESS CENTERS - OUTSIDE KERALA</p> <p>KERALA AYURVEDA WELLNESS CENTER #400, 18TH MAIN 6TH BLOCK KORAMANGALA BANGALORE-560095 PH:080- 65320055/66</p> <p>KERALA AYURVEDA WELLNESS CENTER E-2, GREEN PARK EXTN, MAIN EVERGREEN MARKET ROAD NEW DELHI-110 016 PH: 011-41754888/41759347</p> <p>KERALA AYURVEDA WELLNESS CENTER 34, BOUGAIN VILLA MARG DLF PHASE-2, GURGAON (HARYANA) PH:NO.0124-4241916/915</p>	<p>KERALA AYURVEDA LTD THURAVOOR P.O-688532, ALLEPPEY DIST PH:0478-2562614</p> <p>KERALA AYURVEDA LTD SHOP NO.37/421 S.N.JUNCTION PALARIVATTOM ERNAKULAM-682205 PH: 0484-2344414</p> <p>KERALA AYURVEDA LTD, NEAR SBT, KADUTHURUTHY P.O KOTTAYAM DIST-686604 PH:04829-327292</p>
<p>DEPOT OUTSIDE KERALA:</p> <p>KERALA AYURVEDA LTD DOOR NO:[OLD] L -106, NEW NO: 11, 2ND MAIN ROAD, KAMARAJ NAGAR, THIRUVANMIYUR CHENNAI -600 041. PH.NO: 044-32518785</p> <p>KERALA AYURVEDA LTD DOOR NO:-4/796 VELAKANNI NAGAR VANDIYOR MAIN ROAD ANNA NAGAR MADURAI -20 PH NO: 0452-2522772</p> <p>KERALA AYURVEDA LTD NO.12, BOWRING HOSPITAL ROAD SHIVAJI NAGAR, BANGALORE-560 001. KARNATAKA PH NO: 080-25596184 FAX: 080-25596184</p>	<p>KERALA AYURVEDA CLINIC B-3, SEC-26, NOIDA NEAR CORPORATION BANK PH NO:0120-4541230/231</p> <p>KERALA AYURVEDA CLINIC OLD NO.21, NEW NO.33, LALLI TOLLENDAL STREET, PONDYCHERY-603501 PH:0413 2221100</p> <p>KERALA AYURVEDA WELLNESS CENTER AAROGYAM,52,DHULESHWAR BAGH SARDAR PATEL MARG C-SCHEME, JAIPUR - 302001 PH:0141-4022422</p> <p>KERALA AYURVEDA WELLNESS CENTER NO: 40/5, SATHIYAMOORTHY STREET DEVARAJ NAGAR MAIN ROAD SALIGRAMAM, CHENNAI - 600 093. PH.NO: 044-23762793</p>	<p>FRANCHISEE - KERALA KERALA AYURVEDA CLINIC OPP:NEW KSRTC BUS STAND FORT ROAD, NORTH PARUR, ERNAKULAM DIST. PH:0484- 6951914</p> <p>ATHANI JUNCTION NEDUMBASSERY ERNAKULAM PH.NO:0484-2556770/ 9995290521</p>
<p>KERALA AYURVEDA LTD 104, 1st Floor . CAURI COMMERCIAL COMPLEX PLOT NO.19, SECTOR 11, CBD BELAPUR, NAVI MUMBAI PH NO. 022-27581075</p> <p>KERALA AYURVEDA LTD NO.11 ISHWARKRUPA ESTATE BEHIND HOTEL PARICHAY ASLALI -382427 AHMEDABAD PH NO.02718-261068</p>	<p>KERALA AYURVEDA WELLNESS CENTER L2,UPPER NATHANPUR RING ROAD, NEHRUGRAM P O DEHRADUN, UTTARKHAND STATE PH NO:0135-6542733</p> <p>KERALA AYURVEDA WELLNESS CENTER 228, BAIROO ALTO, FONDEVEM, RIBANDAR, GOA -403006 PH:0832-2444188/89</p>	<p>ACADEMY KERALA AYURVEDA ACADEMY BANK EMPLOYEES SOCIETY HALL BUILDING (TOP FLOOR) PALACE ROAD, BANK JUNCTION ALUVA - 683101 PH.NO.0484-2628707</p> <p>RESORT AYURVEDAGRAM HEALTH RESORT HEMANDANAHALLY, SAMETHANHALLY POST VIA WHITEFIELD , BANGALORE-560 067. KARNATAKA PH: 080-27945428, 65651090</p> <p>HOSPITAL WING VYDEHI AYURVEDAGRAM VYDEHI HOSPITAL 82 EPIP AREA, WHITEFIELD, BANGALORE - 560 066, KARNATAKA PH: 080-28412956</p>

KERALA AYURVEDA LIMITED

Regd. Off: VII/415, Nedumbassery, Athani P.O, Aluva-683585, Kerala.

ANNUAL GENERAL MEETING

Attendance Slip

Folio No./DPID No./Client ID No. :

Name of the shareholder(s) :

No. of shares :

I/We hereby record my/our presence at the ANNUAL GENERAL MEETING of the company on Monday, the 30th September 2009 at 11.30 A.M at Green Park Auditorium, Desom, Aluva-683103.

Signature of the Attending Member/Proxy

Notes:

1. Shareholders/Proxy holders who wish to attend the meeting are requested to bring this Attendance Slip to the meeting and hand it over at the entrance duly signed.
2. Shareholders/Proxy holders should bring their copy of the notice for the meeting
3. Shareholders desiring to appoint proxies to attend the meeting are requested to send the attached proxy form, duly completed and signed, to reach the Secretarial Department, Kerala Ayurveda Ltd, VII/415, Nedumbassery, Athani P.O, Aluva 683585, not less than 48 hours before the commencement of the meeting.

KERALA AYURVEDA LIMITED

Regd. Off: VII/415, Nedumbassery, Athani P.O, Aluva-683585, Kerala.

ANNUAL GENERAL MEETING

Proxy Form

I/Weof.....being

a Member/Members of KERALA AYURVEDA LTD hereby appoint

or failing himof.....as my/

our proxy to attend and vote for me/us on my/ our behalf at the Annual General Meeting of the company to be held on Monday, the 30th

September 2009 at 11.30 A.M at **Green Park Auditorium, Desom, Aluva-683103.** and at any adjournment thereof.

Signed this Day of..... 2009

Folio No./DPID No./Client No. :

No. of shares :

Affix Re.1/-
Revenue
Stamp

Signature.....


Note: The Proxy must be deposited at the Secretarial Department, KERALA AYURVEDA LTD, Regd. Off: VII/415, Nedumbassery, Athani P.O,

Aluva-683585 not less than 48 hours before the commencement of the meeting.

THIS COUPON ENTITLES YOU TO PURCHASE KAL'S MEDICINES FROM THE COMPANY'S DIRECT OUTLETS AT 15% DISCOUNT

15% DISCOUNT
ON M.R.P. Rs. 200/-


Name.....
Signature.....
Folio No.....


KERALA ayurveda™

VALID UPTO 31.03.2010

15% DISCOUNT
ON M.R.P. Rs. 200/-


Name.....
Signature.....
Folio No.....


KERALA ayurveda™

VALID UPTO 31.03.2010

15% DISCOUNT
ON M.R.P. Rs. 200/-


Name.....
Signature.....
Folio No.....


KERALA ayurveda™

VALID UPTO 31.03.2010

15% DISCOUNT
ON M.R.P. Rs. 200/-

Name.....
Signature.....
Folio No.....


KERALA ayurveda™

VALID UPTO 31.03.2010

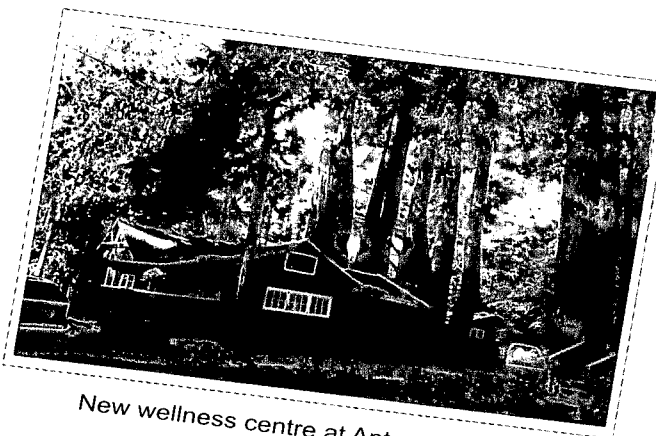
Expanding the wellness footprint



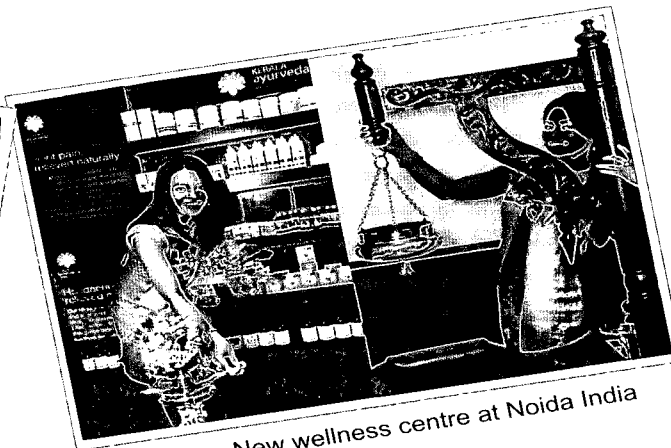
12th Founder's Day Celebration and Intellectual Conclave



Wellness naturally at Ayurvedagram, India



New wellness centre at Aptos, USA



New wellness centre at Noida India



New wellness centre at Jaipur india



Inside view of Indiranagar centre, Bangalore

BOOK - POST



If undelivered, please return to:

KERALA AYURVEDA LIMITED

Regd. Office & Factory: Athani P.O., Ernakulam District, Kerala - 683585.
Tel: 0484 - 2476301/2/3/4, Fax: 0484 - 2474376

Corporate Office: No. 1134, 1st Floor, 100 Feet Road, HAL 2nd Stage, Indiranagar, Bangalore - 560008.
Tel: 080 - 41808000, Fax: 080 - 41808043, Email: info@keralaayurveda.biz

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