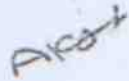
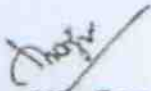



## FORM-A

1	Name of the Company	Kerala Ayurveda Ltd.
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March 2015
3	Type of Audit Observation	Un-qualified
4	Frequency of Observation	NA
5	Signed by – <ul style="list-style-type: none"><li>• CEO/Managing Director</li><li>• CFO</li><li>• Auditor of the company</li><li>• Audit Committee Chairman</li></ul>	NA  (Mr. Arvind Agarwal)  (Mr. Biju George)  (Mr. S Krishnamurthy) (DIN 00140414)

23<sup>rd</sup> Annual  
Report 2014-15



TAKING AYURVEDA GLOBAL



**KERALA AYURVEDA LIMITED**

# Hairfall..?

# Dandruff..?

# Early Greying..?

## KESINI™



# 5

## ACTIONS

- Prevents Hair Fall
- Fights Dandruff
- Promotes Natural Hair Growth
- Helps Prevent Premature Greying of Hair
- Arrests Splitting of Hair

### MODE OF APPLICATION:

Apply 5-10 ml on head half an hour before bath or as directed by the physician



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Ramesh Vangal, Chairman (DIN 00064018)  
 Mr. Ronald George Pearce,  
 Vice Chairman & Independent Director (DIN 00260166)  
 Dr. K Anilkumar, Whole time Director (DIN 00226353)  
 Mr. A T Jacob, Director (DIN 01663815)  
 Mr. M C Mohan, Independent Director (DIN 00633439)  
 Mr. S Krishnamurthy, Independent Director (DIN 00140414)  
 Ms. Katarzyna Zimpel, Director (DIN00264084)  
 Mr. Anand Subramanian,  
 (Alternate to Ms. Katarzyna Zimpel) (DIN 00064083)

### CHIEF FINANCIAL OFFICER

Mr. Arvind Agarwal

### COMPANY SECRETARY

Ms. Itti Bhargava (w.e.f 13<sup>th</sup> August, 2015)

### REGISTERED OFFICE & FACTORY

VII/415, Nedumbassery, Athani P.O,  
 Aluva-683 585, Kerala, India  
 CIN: L24233KL1992PLC006592  
 info@keralaayurveda.biz www.keralaayurveda.biz

### CORPORATE OFFICE

No.1134, 1st Floor, 100 Ft Road,  
 HAL 2<sup>nd</sup> Stage, Indiranagar, Bengaluru – 560 008

### STATUTORY AUDITORS

M/s. Biju George & Co.  
 Chartered Accountants  
 Vellaringattu Towers, Thodupuzha – 685 584

### SECRETARIAL AUDITORS

SVJS & Associates, Company Secretaries  
 39/3519 B, 1<sup>st</sup> Floor, Padmam Apartments,  
 Manikkath Road, Ravipuram, Kochi – 682 016

### INTERNAL AUDITORS

Mr. Mathew Joseph, Chartered Accountant  
 32/2431, Kunnath Lane, S N Junction,  
 Palarivattom Kochi-682 025

### BANKERS

Kotak Mahindra Bank Ltd & Axis Bank Ltd

### REGISTRAR & TRANSFER AGENTS

M/s. Integrated Enterprises (I) Ltd.  
 Kences Towers No.1 Ramakrishna Street  
 T Nagar, Chennai - 600 017  
 Ph: 044-28140801-03 Fax: 044-28142479  
 E-mail : corpser@iepindia.com

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

The past year has been an exciting one for Ayurveda and Yoga. The Indian Government has now widely acknowledged that these two ancient sciences hold the key to global differentiation for India. The vision with which we set out on this journey stands vindicated today.



The main challenge for Ayurveda has always been one of scientific validation, which is why your company set out to develop a rigorous scientific process which would result in products built on the three pillars of

Safety

Efficacy

Purity

We stand out as an Ayurvedic company in India which has combined a 70 year old Heritage, a broad spectrum offering, spanning products, clinics, hospitals, education and Healing retreats and the willingness & ability to apply scientific validation to Ayurveda.

Our decision to benchmark ourselves against global standards is fast becoming a reality because of the research infrastructure we have built in Renovel Discoveries Inc., USA and the international-standard manufacturing processes of Katra Phytochem (India) Pvt Ltd. Using investigational methodologies based on the clinical experience garnered in our chain of wellness clinics, we are persistently working to benchmark our proprietary Ayurvedic medicines against pharma formulations.

In line with the Government's desire to propagate Ayurveda and Yoga widely, your company too has entered the web world in a concerted effort to reach doctors and end consumers.

We are currently in the process of building a digital portal which enables everyone to access the full range of our Ayurveda offerings on-line. Already the e-commerce aspect of this portal is in the public domain and month on month it is showing increasing traction and popularity. Within the next few months in parallel with our existing channels and outreach methods we will fully access the limitless reach of the web for all our verticals. We will also expand our presence in e-commerce .

Bengaluru

13<sup>th</sup> August, 2015

Ramesh Vangal

Chairman

## KERALA AYURVEDA LTD

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

Ph: 0484-2476301(4 lines) Fax: 0484-2474376

Email: info@keralaayurveda.biz Website: www.keralaayurveda.biz

CIN : L24233KL1992PLC006592

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of Kerala Ayurveda Limited will be held on Tuesday, the 29 September 2015 at 4.30 p.m. at Green Park Auditorium, N.H. 47, Desom, Aluva-683103, Kerala, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including consolidated financial statements) of the company for the financial year ended 31 March, 2015 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. A.T. Jacob, (DIN. 01663815) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the members of the Company is hereby accorded to ratify the appointment of M/s Biju George & Co. Chartered Accountants (Firm Reg. No.0079325) Vellaringattu Towers, Thodupuzha 685584 as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 24th Annual General Meeting of the Company to be held in the year 2016 and the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31.03.2016 as may be determined in consultation with the Auditors.”

#### SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following resolution as **Special Resolution.**  
 “RESOLVED THAT pursuant to provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, (including any statutory modifications or re-enactment(s) thereof, for the time being in force), the consent of the company be and is hereby accorded for the re-appointment of Dr. K Anilkumar as Whole Time Director, designated as Executive Director of the Company for a period of three years from 28 June, 2015 to 27 June, 2018 and he shall be paid the remuneration as approved by the Nomination & Remuneration Committee of the Board as detailed below.

I. Basic Salary : Rs.1, 25,000/- per month

II. Allowances/Perquisites:-

- a) Special Allowance: Rs.69, 000/- per month
- b) Leave Travel Allowance: Yearly payment of Rs.60,000/-
- c) Housing : In case no accommodation - owned or hired is provided by the Company the Director shall be entitled to 40% of the basic salary relevant of the concerned period as and by way of House Rent Allowance subject to a maximum 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) 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.
- f) Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.

- g) Provision of car with driver for use in relation to Company's business 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.

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the Company shall pay to Dr. K Anilkumar in respect of such financial year, remuneration by way of salary, allowances, perquisites and other benefits as the Board of Directors may deem fit, subject to the limits prescribed herein and in Schedule V to the Companies Act, 2013.”

RESOLVED FURTHER THAT the Board of Directors of the Company/Committee of the Board be and is hereby authorized to alter, amend or vary the terms and conditions of appointment including remuneration structure as may be agreed to between the Board of Directors and Dr. K Anilkumar subject to the limits within such guidelines or amendments as may be made to the Companies Act, 2013 or subject to approval, if required, of the Central Government or such other authority.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution.”

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**.

“**RESOLVED THAT** in supersession of the resolution passed by the shareholders in the Annual General Meeting held on 29<sup>th</sup> September 2014, the consent of the Company be and is hereby accorded under the provisions of Section 180 (1) (c) of the Companies Act, 2013, to the Board of Directors of the company for borrowing monies, from time to time, at its discretion either from the Company's Bankers or any other banks, financial institutions, international lending agencies or any other lending institutions, persons, firms, trusts or bodies corporate by way of deposits, advances or other loans, convertible/non convertible debentures, commercial papers, bonds or any other debt instruments, whether unsecured or secured directly by mortgage, charge, hypothecation or pledge or any of the Company's assets and properties, book debts or by collateral security thereon or on such terms and conditions as may be considered suitable by the Board of Directors, even though the monies to be borrowed together with monies already borrowed by the Company, apart from temporary loans from Company's Bankers in the ordinary course of business, exceeds the aggregate paid up capital of the Company and its free reserves, ie. reserves not set apart for any specific purpose ,provided however, that the total amount of sum borrowed shall not exceed the amount of Rs. 60 crores (Rupees sixty crores) at any time.”

“**RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as it may be necessary and expedient and also to delegate all or any of the above powers to the Directors or any other officers of the company for giving effect to the above resolution.”

**By order of the Board of Directors  
For Kerala Ayurveda Limited**

Place: Bengaluru  
Date: 13<sup>th</sup> August, 2015

Ramesh Vangal  
Chairman  
DIN: 00064018

**Important Notes:**

- a) Register of members will remain closed from 24<sup>th</sup> September, 2015 to 29<sup>th</sup> September, 2015 (both days inclusive).
- b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto.

- c) **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself or herself and the proxy need not be a member of the company.** A person can act as proxy on behalf of members not exceeding fifty(50) and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights, may appoint single person as a proxy, who shall not act as a proxy for any other member.
- d) **The instrument appointing a proxy as per the format given at the end of this annual report to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.** Proxies submitted on behalf of the companies, societies etc. must be supported by an appropriate resolution/authority, as applicable.
- e) Members holding shares in electronic form should get their email ids updated with their respective Depository Participant so that they can get the copies of correspondence etc sent by the Company via email.
- f) Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the company/Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
- g) Electronic copy of the 23<sup>rd</sup> Annual General Meeting of the company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested a hard copy of the same. For other members physical copies of the Notice indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Annual report will also be available on the Company's website [www.keralaayurveda.biz](http://www.keralaayurveda.biz) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working day. Even after registering for e-communications, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [investor@keralaayurveda.biz](mailto:investor@keralaayurveda.biz).
- h) Members who are holding physical shares in identical order of names in more than one folio are requested to send to the Company or Company's Share Transfer Agent the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the members after making requisite changes, thereon. Members are requested to use the new share transfer form SH-4.
- i) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH 13 prescribed by the Government can be obtained from the Registrar and Transfer Agent or the Secretarial Department of the Company at its Registered Office.
- j) Members are requested to send their correspondence/queries to the Share Transfer Agents, M/s. Integrated Enterprises (India) Ltd. having office at Kences Towers, 2nd Floor, No.1 Ramakrishna Street, Off North Usman Road, T Nagar, Chennai 600017, Ph:044-28140801-03 Fax: 044-28142479, E-mail : [corpserv@iepindia.com](mailto:corpserv@iepindia.com) with a copy to the company's registered office and quote their folio number/client ID number.
- k) 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 their address to respective depository participants only.
- l) 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, VII/415, Nedumbassery, Athani P.O., Aluva-683585 so as to reach it latest by 25<sup>th</sup> September, 2015.
- m) The form of attendance slip is attached with this notice. 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.
- n) The registration at AGM venue shall be strictly open only upto the time AGM starts. Shareholders are requested to be present before AGM time.
- o) Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended the Company is pleased to provide members facility to exercise their right to vote at the 23<sup>rd</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e voting services provided by Central Depository Services (India) Ltd (CDSL). E voting is optional and members shall have the option to vote either through e voting or in person at the general meeting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remot e-voting") will be provided by CDSL.

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by e-voting shall be able to exercise their right at the meeting through ballot paper.

The members who have cast their vote by e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.

**Others notes:**

- a) Mr.M.S. Seetharaman, Additional Independent Director has resigned on 13<sup>th</sup> August 2015.

**THE PROCESS AND INSTRUCTIONS FOR E VOTING ARE AS UNDER:**

**A. In case of members receiving e-mail:**

- (i) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company. Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

<b>PAN</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN (Electronic Voting Sequence Number) for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF,NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- B. In case of members receiving the physical copy:  
Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- C. The e-voting period begins on 26<sup>th</sup> September 2015 (9.00 a.m.) and ends on 28<sup>th</sup> September 2015(5.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 23<sup>rd</sup> September 2015 (being cut off date ), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote

on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The e-voting module shall be disabled by CDSL for voting thereafter.

- D. If a person who is not a member on cut off date receives this notice, he has to treat this notice for information purposes only and he will not be able to e-vote.
- E. Mr. P. Sivakumar, Managing Partner, SVJS & Associates, Company Secretaries, Kochi-682016 has been appointed as the Scrutinizer to scrutinize the e-voting and poll process in a fair and transparent manner.
- F. At the AGM, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer order voting through ballot paper for all those members who are present but not cast their votes electronically through remote e-voting facility.
- G. The Scrutinizer shall immediately after conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the company. The Scrutinizer shall submit a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, by not later than three days from the conclusion of the AGM to the Chairman of the Company. Thereafter, the Chairman or any other person authorized by the Chairman, shall declare the result of the voting forthwith.
- H. The results along with the Scrutinizer's report shall be placed on the Company's website [www.keralaayurveda.biz](http://www.keralaayurveda.biz) and on the website of CDSL immediately after the result is declared by the Chairman or any other person authorized by the Chairman and will be communicated to the the Stock Exchanges on which the company's equity shares are listed.

All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the Company during normal business hours on all working days, up to and including the date of the Annual General Meeting of the Company.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No.4**

The tenure of Dr. K Anilkumar, Executive Director, ended on 27<sup>th</sup> June, 2015. Dr K. Anilkumar is well versed in this branch of medicine and has over 30 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 29<sup>th</sup> May, 2015, approved his re-appointment for a further period of 3 years with effect from 28<sup>th</sup> June, 2015, on the terms and conditions as approved by the Nomination and Remuneration Committee and as set out in the Resolution in Item No.4 of the Notice convening the meeting. Accordingly, the Board recommends the special resolution for members' approval.

None of the Directors except Dr. K Anilkumar and his relatives are concerned or interested in the said resolution.

### **Item No.5**

Presently the Board of Directors of the company has been authorized to borrow upto Rs.50.00 crores by a Special Resolution passed at the Annual General Meeting of the company held on 29<sup>th</sup> September, 2014 as required under Section 180 of the Companies Act, 2013.

Keeping in view the expansion plans and consequent fund requirements of the company, it is proposed to increase the borrowing limits of the company upto a maximum amount of Rs.60 crores. Hence the Special resolution in Item no. 5 under Section 180(1)(c) of the Companies Act, 2013 is proposed to confirm the borrowing limits of the Company.

Directors recommend the Special resolution set out in the Item no. 5 of the Notice for approval.

None of the Directors and Key Managerial Persons of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item no 5.

### Information required as per Clause 49 VIII (E) of the Listing Agreement

<b>Mr. A.T.JACOB</b>	<b>Non-Executive Director</b>
Director Identification Number (DIN)	01663815
Date of Birth	11.06.1954
Nationality	Indian
Date of Appointment on Board	31.01.2009
Qualification	B.Sc.(Botany), P.G. Diploma in Management
Shareholding in KAL	NIL
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	Katra Phytochem (India) Pvt Ltd Avan Agro Tech Pvt. Ltd Vector Program Pvt Ltd Ayusanté Lifecare India Pvt Ltd
Memberships / Chairmanships of Committees across Public Companies	KAL Stakeholders Relationship Committee – member
Expertise in specific Functional Area	He has got significant domain expertise on Plantation and Agri based products in healthcare space and he was Managing Director of Katra Phytochem (India) Pvt. Ltd.
<b>Dr.K.Anilkumar</b>	<b>Whole Time, Executive Director</b>
Director Identification Number (DIN)	00226353
Date of Birth	13.07.1954
Nationality	Indian
Date of Appointment on Board	06.07.1992
Qualification	BAMS
Shareholding in KAL	3.26%
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	KAL Ayurveda Research & Education Foundation Confederation for Ayurvedic Renaissance- Keralam Ltd
Memberships / Chairmanships of	Nil
Terms and Conditions of appointment and details of Remuneration, Remuneration last drawn,	Details are given in Item No.4 of this notice. There is no change in remuneration from last year
Expertise in specific Functional Area	Has more than 35 years of experience in the field of Ayurveda. He was the founder & Managing Director of Kerala Ayurveda Pharmacy Ltd. Former member of Central Council of Indian Medicine – the apex body of Indian Medicine in India & member of various professional bodies and has also presented scientific papers in Seminars both in India and abroad

By order of the Board of Directors  
For Kerala Ayurveda Limited

Place: Bengaluru  
Date :13<sup>th</sup> August,2015

Ramesh Vangal  
Chairman  
DIN 00064018

## DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the business and operations of the Company and the accounts for the Financial Year ended 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS

The Company's financial performance during the year 2014-15 as compared to the previous year 2013-14 is summarized below:

Particulars	Standalone		Consolidated	
	2014-15	2013-14	2014-15	2013-14
Product Revenues	2399.72	2231.05	2427.22	2251.39
Service Revenues & Other Income	670.68	538.62	1720.96	1448.87
<b>Gross Income</b>	<b>3070.40</b>	<b>2769.67</b>	<b>4148.18</b>	<b>3700.26</b>
Less: VAT & Excise Duty	241.71	214.61	241.71	214.62
Net Income from Sales/Services	2832.37	2555.05	3906.47	3485.64
<b>Profit before Interest, Depreciation &amp; Tax (EBITDA)</b>	<b>329.54</b>	<b>285.72</b>	<b>607.71</b>	<b>388.32</b>
Profit /Loss before extraordinary items	157.44	127.90	317.43	153.74
Extraordinary Items	---	20.93	---	20.93
Profit Before Tax	157.44	148.83	317.43	174.66
<b>Net Profit/(Loss) after Tax</b>	<b>110.58</b>	<b>102.82</b>	<b>251.50</b>	<b>91.87</b>
Minority Interest in Profit	---	---	15.94	17.47
Net Consolidated Profit/(Loss)	110.58	102.82	235.56	74.40
Loss brought forward from previous year	(906.36)	(1009.17)	(3291.90)	(3366.30)
Loss Carried to the Balance Sheet	869.09	(906.36)	(3056.34)	(3291.90)

### REVIEW OF OPERATIONS

During the financial year under review, the operational results ended with a Profit before Extraordinary items at ₹ 111 Lacs as against ₹ 82 Lacs in the previous year. The Net revenue of the company stands at ₹ 2832 Lacs as against ₹ 2555 Lacs in the previous financial year reporting an 11% growth. The consolidated net revenue including its subsidiaries for the year is ₹ 3906 Lacs against ₹ 3486 Lacs during previous year.

During the financial year under review, distribution of Ayurveda Formulation has shown a growth of 13%. Your company was able to improve the market share in Kerala and made a big progress outside Kerala.

### SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Your company has seven subsidiaries including one step down subsidiary as on 31<sup>st</sup> March, 2015 and the details are as under:

SL	Name	Location	% of holding
1	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	India	74%
2	Ayu Natural Medicine Clinic, P.S.	USA	100%
3	Ayurvedic Academy Inc.	USA	100%
4	Nutraveda Inc. (Formerly known as Ayu Inc.)	USA	100%
5	CMS Katra Holdings LLC	USA	81.67%
6	CMS Katra Nursing LLC	USA	100%*
7	Nutraveda Pte Ltd.	Singapore	100%

\* CMS Katra Holdings LLC holds 51% shareholding in CMS Katra Nursing LLC and Ayu Inc holds the balance 49% shareholding; hence it is a fully owned step down subsidiary of your company.



## PERFORMANCE OF SUBSIDIARIES

### Indian Subsidiary

During the year under review, M/s. Ayurveda Gram Heritage Wellness Centre Pvt. Ltd. has achieved a turnover of ₹ 637 Lacs against a turnover of ₹ 564 Lacs in the previous financial year clocking a sound growth of 13%. The Net profit of the company, after providing for tax is ₹ 61 Lacs against ₹ 66 Lacs in the previous year.

### Overseas Subsidiaries

The combined turnover of overseas subsidiaries was ₹ 530 Lacs as compared to ₹ 454 Lacs in the previous year. Kerala Ayurveda Academy under Ayurvedic Academy Inc is currently offering certified courses in the state of Washington and California and also offers a distant learning course across USA.

## CONSOLIDATED FINANCIAL STATEMENTS

A report on performance and financial position of each of the subsidiaries, associates and joint venture companies is attached as **Annexure 1**. Accordingly, this annual report does not contain the reports and other statements, of the subsidiary companies. Any member intended to have a copy of Balance sheet and other financial statement of these Companies may write to Company Secretary. It shall also be kept for inspection during business hours by any shareholder in the registered office of the Company and the respective offices of its subsidiary companies.

It shall also be made available on the website of the Company [www.keralaayurveda.biz](http://www.keralaayurveda.biz) under the "Investors" section.

## COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES DURING THE YEAR

During the financial year ended 31<sup>st</sup> March, 2015, no entity became or ceased to be the subsidiary, joint venture or associate of the Company.

## DIVIDEND

In view of the accumulated losses of the past, your Directors are not in a position to recommend any dividend for the current year.

## RESERVES

During the year the total reserves and surplus of the company has improved to ₹ 325 Lacs from ₹ 288 Lacs. Based on the Companies Act, 2013 ₹ 73 Lacs of reserves was adjusted towards depreciation of the assets whose useful life as on 1<sup>st</sup> April, 2014 was nil. During the year company earned a net surplus of ₹ 110 Lacs.

## MATERIAL CHANGES AND COMMITMENTS

With a view to broad base the reach of the company & to propagate Ayurveda, your company has revamped its website by adding useful articles, blogs, videos related to Ayurveda and companies products. Your company is providing access to people who are currently not served by our centers or our distribution network by providing Ecommerce option to pay online or by making offline payments at any of the ICICI bank branches across India and receive products at their doorsteps.

Company believes that this will help building knowledge, communication and will increase Purchase of Company' products.

## CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the financial year ended 31st March, 2015.

## BOARD OF DIRECTORS

### Appointment / Reappointment / Resignation of Directors

Mr. A T Jacob, Director of the company retire by rotation at ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

During the year, Dr. K Rajagopalan, Mr. M C Mohan, Mr. Ronald George Pearce and Mr. S Krishnamurthy have been appointed as an Independent Directors for a term of 5 years. Dr. K Rajagopalan Independent Director of the company had passed away on 10<sup>th</sup> January, 2015. Dr. K Rajagopalan had contributed immensely for the growth of the company. The Board placed on record its appreciation for the valuable services rendered and the wholehearted support and advice given by him to the board during his tenure. Mr. M S Seetharaman was appointed as Additional Independent Director with effect from 10<sup>th</sup> February, 2015. He offers himself as Non Executive Independent Director in this Annual General Meeting.

Also, Mr. Arvind Agarwal has been appointed as Chief Financial Officer of the company with effect from 24<sup>th</sup> May 2014. Mr. K Raghunadan, Company Secretary has resigned from the post of Company Secretary on 10<sup>th</sup> February, 2015. Pursuant to his resignation, Ms. Anusha Rajeswaran was appointed as Company Secretary from 10<sup>th</sup> February, 2015.

## MEETINGS OF THE BOARD OF DIRECTORS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year five Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the listing agreement with the Bombay Stock Exchange.

During the financial year 2014-2015, the Board of Directors of the Company, met 5 (five) times on 24<sup>th</sup> May, 2014, 6<sup>th</sup> August 2014, 29<sup>th</sup> September, 2014, 14<sup>th</sup> November, 2014 and 10<sup>th</sup> February, 2015.

Further, a separate Meeting of the Independent Directors of the Company was also held on 14th November, 2014, whereat the prescribed items enumerated under Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement were discussed.

## DECLARATION BY AN INDEPENDENT DIRECTOR(S) AND RE- APPOINTMENT

All the Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under section 149 (6) of the Companies Act, 2013.

## DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

Details pursuant to section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and are annexed herewith as **Annexure 2**.

## FORMAL ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In adherence of section 178(1) of the Companies Act, 2013, the Board of Directors of the Company approved a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(3), based on the recommendations of the Nomination and Remuneration Committee.

The broad parameters covered under the Policy are - Company Philosophy, Guiding Principles, Nomination of Directors, Remuneration of Directors, Nomination and Remuneration of the Key Managerial Personnel (other than Managing/ Whole-time Directors), Key-Executives and Senior Management and the Remuneration of Other Employees. The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure 3** and forms part of this Report.

## AUDITORS:

### 1. Statutory Auditors

M/s.Biju George & Co, Chartered Accountants, Vellaringattu Towers, Thodupuzha 685584 were appointed as Statutory Auditors of the company upto the conclusion of Annual General Meeting in 2019 subject to ratification at every Annual General Meeting. Company has received a letter, pursuant to Section 139 of the Companies Act, 2013, from M/s.Biju George & Co., Chartered Accountants, Vellaringattu Towers, Thodupuzha 685584 confirming consent and their eligibility for acting as Statutory Auditors of the Company, if the appointment is ratified at the ensuing Annual General Meeting. The Board also recommends their appointment as Statutory Auditors for the ensuing financial year.

### Statutory Auditors' Report

The Auditors' Report does not contain any qualification. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

### 2. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding Rules framed there under, M/s. SVJS & Associates were appointed as the Secretarial Auditors of the Company to carry out the secretarial audit for the year ending 31<sup>st</sup> March, 2015.

### Secretarial Audit Report

A Secretarial Audit Report given by the Secretarial Auditors in Form No. MR-3 is annexed with this Report as **Annexure 4**. There are few qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report and the company has taken steps to ensure that it complies in future and corrective action has been taken to rectify the observation made in the report.

### 3. Internal Audit & Controls

The Company appointed Mr.Mathew Joseph, Chartered Accountant, as its Internal Auditor. During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

### 4. Cost Auditors

In terms of the Cost Audit Order dated 31<sup>st</sup> December, 2014 notified by the Ministry of Corporate Affairs which exempted certain industries from the purview of Cost Audit, your Company is not required to get the cost audit done for financial year 2014-15.

## VIGIL MECHANISM :

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.keralaayurveda.biz](http://www.keralaayurveda.biz) under "Investors" Section.

## RISK MANAGEMENT POLICY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## CORPORATE SOCIAL RESPONSIBILITY

Your company always had a deep sense of responsibility towards the community. Company conducted medical camps and free medical check ups at various places. Diabetic Awareness campaign was held on world Diabetic Awareness day to create awareness.

## DEPOSITS

In terms of the provisions of Section 73 of the Companies Act, 2013, the company has not accepted any deposits from the public during the financial year under review and there are no outstanding fixed deposits from the public as on 31<sup>st</sup> March, 2015.

## CORPORATE GOVERNANCE

Your company has complied with corporate governance norms as stipulated by Listing Agreement entered into with the Bombay Stock Exchange. A detailed report on Corporate Governance in line with requirements of the Companies Act, 2013 and clause 49 of the Listing Agreement entered into with stock exchange is attached to this report. A certificate from statutory auditors confirming the compliance of Corporate Governance is also attached to this report.

## AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company, comprises 4 (Four) Members, namely Mr. S Krishnamurthy, Mr. M C Mohan, Ms. Katarzyna Zimpel and Dr. K Rajagopalan, majority of them being Independent Directors except Ms. Katarzyna Zimpel who is a Non-Independent Non-Executive Director. Dr. K Rajagopalan expired on 10<sup>th</sup> January, 2015 and subsequently Mr. M S Seetharaman was appointed in his place. The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of operations, performance and future outlook of your company and its businesses is given in the Management Discussion and Analysis, which forms part of this report.

## EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as **Annexure 5**.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has provided following loans and guarantees and made following investments pursuant to Section 186 of the Companies Act, 2013:

Name of the entity	Relation	Amt in Rupees Lacs	Particulars of loans, guarantees and investments	Purpose for which the loan, guarantee and investment are proposed to be utilised
Nutraveda Inc., USA	100% subsidiary	1,105.25	Interest free Working Capital Loan given by KAL to subsidiary	To meet the working capital requirement
Ayurvedic Academy Inc., USA	100% subsidiary	1,162.26	Interest free Working Capital Loan given by KAL to subsidiary	To meet the working capital requirement
CMS-Katra Holdings LLC, USA	81.67% subsidiary	828.67	Interest free Working Capital Loan given by KAL to subsidiary	To meet the working capital requirement
Nutraveda PTE Ltd, Singapore	100% subsidiary	0.44	Interest free Working Capital Loan given by KAL to subsidiary	To meet the working capital requirement

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso is attached as **Annexure 6**.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively, and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE**

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace (prevention, prohibition and redressal Act, 2013) and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 7** and forms part of this Report.

## **HUMAN RESOURCES**

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

## **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

## **LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2015-2016 to Bombay Stock Exchange where the Company's Shares are listed.

## **ACKNOWLEDGEMENTS**

The Board places on record its appreciation for the continued patronage, support, co-operation extended to the Company by its shareholder, customers, bankers and all the Government and statutory agencies with whose help, cooperation and hard work the Company is able to achieve the results. Your directors would further like to record appreciation to the efforts of every employees for their valuable contribution to the Company.

By **order of the Board of Directors**  
For **Kerala Ayurveda Limited**

Place: Bengaluru  
Date :29<sup>th</sup> May, 2015

Ramesh Vangal  
Chairman  
DIN 00064018

**ANNEXURE TO DIRECTOR'S REPORT****ANNEXURE 1****FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014.

Statement Containing Salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

**Part "A" Subsidiaries****Amt in ₹ Lacs**

Sl.	Name of Subsidiary Company	Reporting period for the subsidiary, if Different from the holding company's reporting period	Reporting currency & Exchange rate as on last date of the relevant financial year in case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) After Tax	Proposed Dividend	% of shareholding
1	Ayurvedagram Heritage Wellness Centre Pvt Ltd	31 <sup>st</sup> March, 2015	INR	225	225	999	999	-	637	80	19	61	-	74
2	Nutraveda Inc, USA (Formerly Ayu Inc.)	31 <sup>st</sup> March, 2015	USD 1USD= 62.59INR	NIL	(709)	874	874	53	20	(15)	-	(15)	--	100
3	Ayu Natural Medicine Clinic PS,USA	31 <sup>st</sup> March, 2015	USD 1USD= 62.59INR	Nil	(547)	0	0	-	-	(1)	-	1	--	100
4	Ayurvedic Academy Inc, USA	31 <sup>st</sup> March, 2015	USD 1USD= 62.59INR	NIL	(913)	1,266	1,266	-	385	(10)	-	(10)	--	100
5	Nutraveda Pte.Ltd, Singapore	31 <sup>st</sup> March, 2015	SGD 1SGD= 45.50 INR	-	-	7	7	-	NA	NA	NA	NA	--	100
6	CMS Katra Holding LLC,USA	31 <sup>st</sup> March, 2015	USD 1USD= 62.59INR	1	(264)	1,106	1,106	3	-	(0)	-	(0)	--	81.67
7	CMS Katra Nursing LLC,USA	31 <sup>st</sup> March, 2015	USD 1USD= 62.59INR	6	(668)	0	0	-	125	93	-	93	--	100

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

**NOT APPLICABLE**

	Name of associates /Joint Ventures			
1.	1. Latest audited Balance Sheet Date			
2.	2. Shares of Associate/ Joint Ventures held by the company on the year end			
	No.			
	Amount of Investment in Associates/ Joint Venture			
	Extend of Holding%			
3.	3. Description of how there is significant influence			
4.	4. Reason why the associate/ joint venture is not consolidated			
5.	5. Net worth attributable to shareholding as per latest audited Balance Sheet			
6.	6. Profit/Loss for the year			
i.	i. Considered in Consolidation			
ii.	ii. Not Considered in Consolidation			



**ANNEXURE 2**

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Sr.No	Requirements	Disclosure												
1.	The ratio of remuneration of each director to the median remuneration of the employees for the financial year	Employee/ED 1:13												
2.	The percentage increase in remuneration of each Director, CFO, CS in the Financial Year	ED/WTD-0%. For CFO- 26% For CS-0 %												
3.	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees has increased by 11%												
4.	The number of permanent employees on the rolls of the Company	264 employees												
5.	The explanation on the relationship between average increase in remuneration and Company performance	Remuneration increase is based on factors such as inflation, sales growth of 11% and profitability improvement of 35%. Other factors linked are hike in EPFO limit leading to increased co contribution, unionized wage settlement etc.												
6.	Comparison of the remuneration of the Key Managerial Personnel (KMPs) against the performance of the Company	For the Financial year 2014-15, KMPs were paid approx 56 % of the Net Profit of the Company.												
7.	Comparison of the each remuneration of the Key Managerial Personnel (KMPs) against the performance of the Company.	Comparison of remuneration of KMP's against the performance of the Company <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>KMP</th> <th>On NP</th> <th>On Turnover</th> </tr> </thead> <tbody> <tr> <td>ED/WTD:</td> <td>25.5%</td> <td>1.1%</td> </tr> <tr> <td>CFO:</td> <td>21.9%</td> <td>0.9%</td> </tr> <tr> <td>CS:</td> <td>6.8%</td> <td>0.3%</td> </tr> </tbody> </table>	KMP	On NP	On Turnover	ED/WTD:	25.5%	1.1%	CFO:	21.9%	0.9%	CS:	6.8%	0.3%
KMP	On NP	On Turnover												
ED/WTD:	25.5%	1.1%												
CFO:	21.9%	0.9%												
CS:	6.8%	0.3%												
8.	The key parameters for any variable component of remuneration availed by the Directors	The Directors were not paid any variable remuneration during the financial year												
9.	The ratio of remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	NIL												
10.	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the Company came out with the last public offer.	BSE 31 <sup>st</sup> March, 2015      ₹ 38.65 3rd March, 1995      ₹ 18.18 @ Change %              113												
	@ IPO for equity shares of face value ₹ 10 each was made at ₹ 10 Per share, thereafter on 20 <sup>th</sup> February, 2006 pursuant to capital reduction, 45% of the shares were reduced, hence the price is adjusted.													
11.	Affirmation that the remuneration is as per the remuneration policy	Yes, it is confirmed												

\* No employee who was employed throughout the financial year was in the receipt of remuneration of more than rupees 60 lakh for the FY 014-15

\* No employee who was employed for part of the year was in the receipt of remuneration of more than Rupees 5 Lakh Per month for the FY 2014-15.

### ANNEXURE 3

#### NOMINATION AND REMUNERATION POLICY OF KERALA AYURVEDA LIMITED

##### PREAMBLE:

Section 178 of the Companies Act, 2013 and the provisions of Clause 49 of the Listing Agreement with Stock Exchanges require the Nomination and Remuneration Committee of the Board of Directors of every listed entity, to

- A. Devise a policy on Board diversity;
- B. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- C. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- D. Formulate the criteria for evaluation of Independent Directors and the Board and carry out evaluation of every director's performance;
- E. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Accordingly, in adherence to the above said requirements the Nomination and Remuneration Committee of the Board of Directors of **Kerala Ayurveda Limited** (KAL) herein below recommends to the Board of Directors for its adoption the Nomination and Remuneration Policy for the directors, key managerial personnel and other employees of the Company as set out below.

##### A. POLICY ON BOARD DIVERSITY

###### A.1.Purpose of this Policy:

This Policy on Board Diversity sets out the Company's approach to ensuring adequate diversity in its Board of Directors (the "Board") and is devised in consultation with the Nomination and Remuneration Committee (the "Committee") of the Board.

###### A.2.Scope of Application:

The aforesaid Policy applies to the Board of **Kerala Ayurveda Limited** (the "Company").

###### A.3.Policy Statement:

The Company believes that a diverse Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development.

For appointments of persons to office of directors and deciding composition of the Board, the Nomination and Remuneration Committee (NRC Committee) and the Board shall also have due regard to this policy on Board diversity.

All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

The Board of directors of the Company shall have an optimum combination of executive and non-executive directors. At a minimum, the Board of the Company shall consist of at least one woman Director.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to age, educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard for the benefits of diversity on the Board. The Board's composition (including gender, age, length of service) will be disclosed in the Corporate Governance Report annually.

##### B. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

###### B.1 APPOINTMENT CRITERIA AND QUALIFICATIONS:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

###### B. 2 TERM/TENURE:

1. Managing Director/Whole-time Director/Manager (Managerial Person): The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

### **B.3 REMOVAL**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

### **B.4 RETIREMENT**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **C. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES REMUNERATION POLICY**

### **C.1 GENERAL**

The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.

Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

### **C.2 REMUNERATION TO MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT**

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders or /and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Senior Management: "senior management" shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

### **C.3 REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:**

1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as decided by the board from time to time. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Further, the Company may pay or reimburse to Non-Executive / Independent Director such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for attending Board/ Committee meetings.
4. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
5. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

#### C.4 REMUNERATION TO OTHER EMPLOYEES:

Apart from the Directors, KMP's and senior Management, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexities and local market conditions.

Decisions on Annual Increment shall be made on the basis of the annual appraisal carries out by HODs of various departments.

#### D. Evaluation of Independent Directors and the Board

##### 1. INDEPENDENT DIRECTORS:

The Independent Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- a) act objectively and constructively while exercising their duties;
- b) objectively evaluate Board's performance, rendering independent, unbiased opinion;
- c) exercise their responsibilities in a bona fide manner in the interest of the company;
- d) strive to Attend and participate in the Meetings.
- e) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- f) refrain from any action that would lead to loss of his independence and inform the Board immediately when they lose their independence,
- g) assist the company in implementing the best corporate governance practices.
- h) moderate and arbitrate in the interest of the company as a whole, insituations of conflict between management and shareholder's interest.
- i) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

Apart from the above criterion below-mentioned indicative list of factors may be evaluated as a part of this exercise:

- j) Participation and contribution,
- k) Commitment (including guidance provided to senior management outside of Board / Committee meetings),
- l) Effective deployment of knowledge and expertise,
- m) Effective management of relationship with stakeholders,
- n) Integrity and maintenance of confidentiality,
- o) Independence of behavior and judgment, and Impact and influence.

Also, once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board to organise the evaluation process and act on its outcome.

##### 2. NON – INDEPENDENT DIRECTORS /EXECUTIVE DIRECTORS

The Executive Directors and Non- independent directors shall be evaluated on the basis of criteria given to them by the board from time to time and their performance will also be reviewed by Independent directors of the Company in their meeting as per Schedule IV of the Companies Act, 2013.

#### E. DISCLOSURE OF THIS POLICY

This Policy shall be uploaded on the Company's website for public information and published in its Annual Report.

#### F. DEVIATIONS FROM THIS POLICY

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

#### G .REVIEW OF THIS POLICY

The Nomination Committee will review this Policy, as appropriate; to ensure the effectiveness of this Policy and also compliance with revised Clause 49 of the Equity Listing Agreement and Companies Act, 2013.

The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

**ANNEXURE 4**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
KERALA AYURVEDA LIMITED  
VII/415, Nedumbaserry,  
Athani P.O, Aluva,  
Ernakulam- 683585, Kerala

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. KERALA AYURVEDA LIMITED [CIN: L24233KL1992PLC006592]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 and the Companies Act, 1956 (to the extent applicable) (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. There is no new Foreign Direct Investment during the period under review. There are no External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) As informed to us, the following other laws are specifically applicable to the Company:
  1. The Boilers Act, 1923
  2. The Environment (Protection) Act, 1986
  3. The Air (Prevention and Control of Pollution) Act, 1981
  4. The Water (Prevention and Control of Pollution) Act, 1974
  5. The Trade Marks Act, 1999



6. Factories Act, 1948
7. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

We have also examined compliance with respect to the following:

- The Equity Listing Agreement entered into by the Company with Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, etc. mentioned above except the following:

- Form MGT 14 with regard to the appointment of Internal auditor and for borrowings has not been filed.
- The Company has not published newspaper advertisement regarding e-voting as per Rule 20 of the Companies (Management and Administration) Rules 2014.
- The Company has passed a resolution under section 186(2) and (3) in Annual General Meeting which ought to have been passed under Postal Ballot as per Rule 22 of the Companies (Management and Administration) Rules 2014.
- The Company has not submitted Consolidated Financial Statements to Stock Exchange as per clause 41 I (e) (ii) and not published the Consolidated Financial Statements in the Newspapers as per clause 41 VI (b) of the Listing Agreement.
- Intimation regarding trading window closure not sent to Stock Exchange under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no public/right/preferential issue of shares/debentures/sweat equity, redemption/buy back of securities, Merger / amalgamation/ reconstruction or foreign technical collaborations.

Resolution was passed under Section 180 (1) (c) of the Companies Act, 2013, at its Annual General Meeting held on 29.09.2014 authorizing exercise of borrowing powers exceeding the aggregate of paid up capital and free reserves upto an over-all limit of Rs.50 Crores.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For **SVJS & Associates**  
Company Secretaries

Sd/-

CS.Vincent P.D.  
*Partner*  
CP No:7940  
FCS:3067

Kochi  
29.05.2015

**ANNEXURE A**  
**ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE**

To The Members  
**KERALA AYURVEDA LIMITED**  
VII/415, Nedumbaserry,  
Athani P.O, Aluva  
Ernakulam- 683585, Kerala

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31<sup>st</sup>March, 2015 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations, especially since the financial year ended 31<sup>st</sup>March, 2015 was the first full financial year in which the Companies Act, 2013 has become operational.

For **SVJS & Associates**  
Company Secretaries

Sd/-

CS.Vincent P.D.  
*Partner*  
CP No:7940  
FCS:3067

Kochi  
29.05.2015

**ANNEXURE - 5**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2015**

**I) Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.**

**REGISTRATION & OTHER DETAILS:**

1.	CIN	L24233KL1992PLC006592
2.	Registration Date	6 <sup>th</sup> July 1992
3.	Name of the Company	Kerala Ayurveda Limited
4.	Category/Sub-category of the Company	Company Limited by Shares and Indian Non-Government Company
5.	Address of the Registered office & contact details	VII/415, Nedumbassery Athani P O, Aluva 683585 +91-484-2476301
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Integrated Enterprises (I) Ltd Kences Towers, No.1 Ramakrishna Street T Nagar, Chennai-600 017 Ph:044-28140801-03 Fax:044-28142479 Email:corpserv@iepindia.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Ayurvedic Medicine	21003	78%
2	Health Care Services	86901	22%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SL	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% Of Shares Held	Applicable Section
1	Katra Holdings Ltd, Mauritius	NA	Holding	61.52%	2(46)
2	Ayurvedagram Heritage Wellness Centre Pvt Ltd	U74140KA2003PTCO 31511	Subsidiary	74%	2(87)
3	Nutraveda Inc, USA (Formerly known as Ayu inc)	NA	Subsidiary	100%	2(87)
4	Ayu Natural Medicine Clinic PS, USA	NA	Subsidiary	100%	2(87)
5	Ayurvedic Academy Inc., USA	NA	Subsidiary	100%	2(87)
6	CMS Katra Holdings LLC, USA	NA	Subsidiary	81.67%	2(87)
7	CMS Katra Nursing LLC, USA	NA	Subsidiary	100%	2(87)
8	Nutraveda Pte Ltd, Singapore	NA	Subsidiary	100%	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

## a)Category-wise Share Holding

Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>									
(1)Indian									
Individual/Hindu Undivided Family									
Central Government									
State Government									
Bodies Corporate									
Financial Institutions/Banks									
Any other(specify)									
<b>SUB TOTAL A (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
(2) Foreign									
Individual(Non resident/foreign)	0	0	0		0		0		
Bodies corporate	6493435	0	6493435	61.52	6493435		6493435	61.52	0.000
Bank/Fl	0	0	0		0		0		
Any other(specify)	0	0	0		0		0		
<b>SUB TOTAL A (2)</b>	<b>6493435</b>	<b>0</b>	<b>6493435</b>	<b>61.52</b>	<b>6493435</b>	<b>0</b>	<b>6493435</b>	<b>61.52</b>	<b>0.000</b>
<b>Total Shareholding of promoter and Promoter Group(A)=A (1)+A(2)</b>	<b>6493435</b>	<b>0</b>	<b>6493435</b>	<b>61.52</b>	<b>6493435</b>	<b>0</b>	<b>6493435</b>	<b>61.52</b>	<b>0.000</b>
<b>B .Public Shareholding</b>									
<b>(1)Institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>		<b>0</b>		
Mutual funds/UTI	0	2976	2976	0.03	0	2976	2976	0.03	0.000
Financial Institutions/Banks	0	0	0		0	0	0		
Central Government	0	0	0		0	0	0		
State Government(s)	0	0	0		0	0	0		
Venture Capital Funds	0	0	0		0	0	0		
Insurance Companies	0	0	0		0	0	0		
Foreign Institutional Investors	0	0	0		0	0	0		
Foreign Venture Capital Investors	0	0	0		0	0	0		

Qualified Foreign Investor	0	0	0		0	0	0		
Any other(specify)	0	0	0		0	0	0		
<b>SUB TOTAL B(1)</b>	<b>0</b>	<b>2976</b>	<b>2976</b>	<b>0.03</b>	<b>0</b>	<b>2976</b>	<b>2976</b>	<b>0.03</b>	<b>0.000</b>
<b>(2) Non-Institutions</b>									
Bodies									
Corporate(Indian/foreign /Overseas)	476858	8986	485844	4.603	334904	8986	343890	3.26	1.345
Individuals(Resident/NRI/ Foreign National)	0	0	0		0	0	0		
Individual sharehodlers holding Nominal share Capital upto Rs.1 Lakh	1321782	218985	1540767	14.597	1412147	253669	1665816	15.78	1.185
Individual sharehodlers holding Nominal share Capital above Rs.1 Lakh	1242157	56051	1298208	12.299	1370554	656841	2027395	19.21	6.908
Any other(specify)	93968	640472	734440	6.958	22158	0	22158	0.21	6.748
<b>SUB TOTAL B(2)</b>	<b>3134765</b>	<b>924494</b>	<b>4059259</b>	<b>38.46</b>	<b>3139763</b>	<b>919496</b>	<b>4059259</b>	<b>38.46</b>	<b>0.000</b>
<b>Total Public Share Holding (B)=B(1)+B(2)</b>	<b>3134765</b>	<b>927470</b>	<b>4062235</b>	<b>38.48</b>	<b>3139763</b>	<b>922472</b>	<b>4062235</b>	<b>38.48</b>	<b>0.000</b>
<b>TOTAL (A)+(B)</b>	<b>9628200</b>	<b>927470</b>	<b>10555670</b>	<b>100.00</b>	<b>9633198</b>	<b>922472</b>	<b>10555670</b>	<b>100.00</b>	<b>0.000</b>
Shares held by Custodians and against which Depository Receipts have been issued	0	0	0		0	0	0		
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>9628200</b>	<b>927470</b>	<b>10555670</b>	<b>100.00</b>	<b>9633198</b>	<b>922472</b>	<b>10555670</b>	<b>100.00</b>	<b>0.000</b>

## b) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	KATRA HOLDINGS LTD	6493435	61.52	61.93	6493435	61.52	61.93	NIL

## c) Change in Promoters' Shareholding (please specify, if there is no change)

SL	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No Change			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment /transfer/bonus/sweat equity etc.)	No change			
	At the end of the year	No Change			



## d) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SL	REM1	OP BAL	OP %	DIFF	DIFF %	CL BAL	CL %
1	SI No.1 Name: SHON RANDHAWA						
	PAN :3693						
	Opening Balance as on 01/04/2014	497642	4.714				
	Closing Balance as on 31/03/2015					497642	4.714
2	SI No.2 Name: ANIL KUMAR K						
	PAN :AGFPK6227J						
	Opening Balance as on 01/04/2014	344129	3.260				
	Closing Balance as on 31/03/2015					344129	3.260
3	SI No.3 Name: EQUITY INTELLIGENCE INDIA PVT LIMITED						
	PAN :AABCE2101N						
	Opening Balance as on 01/04/2014	172280	1.632				
	Closing Balance as on 31/03/2015					172280	1.632
4	SI No.4 Name: INVENTURE FINANCE PVT.LTD						
	PAN :AAACM0623J						
	Opening Balance as on 01/04/2014	103000	0.976				
	31/12/2014			103000	-0.976	0	0.000
	Closing Balance as on 31/03/2015					0	0.000
5	SI No.5 Name: RAKESH KUMAR JAIN						
	PAN :AAFPJ6867K						
	Opening Balance as on 01/04/2014	93000	0.881				
	30/05/2014			-5837	-0.06	87163	0.83
	06/06/2014			-163	0.00	87000	0.82
	20/06/2014			-2000	-0.02	85000	0.81
	27/06/2014			-63539	-0.60	21461	0.20
	30/06/2014			60000	0.57	81461	0.77
	31/07/2014			-60000	-0.57	21461	0.20
	01/08/2014			60000	0.57	81461	0.77
	Closing Balance as on 31/03/2015					81461	0.77
6	SI No.6 Name: S K ARUNKUMAR						
	PAN :ADEPA2915K						
	Opening Balance as on 01/04/2014	85313	0.808				
	20/06/2014			-7050	-0.07	78263	0.74
	30/06/2014			-932	-0.01	77331	0.73
	11/07/2014			-1000	-0.01	76331	0.72
	12/09/2014			-6060	-0.06	70271	0.67
	19/09/2014			-1000	-0.01	69271	0.66
	30/09/2014			-7028	-0.07	62243	0.59
	03/10/2014			-2123	-0.02	60120	0.57
	17/10/2014			-2001	-0.02	58119	0.55
	31/10/2014			-5645	-0.05	52474	0.50
	07/11/2014			-1000	-0.01	51474	0.49
	14/11/2014			-14000	-0.13	37474	0.36
	21/11/2014			-700	-0.01	36774	0.35
	05/12/2014			-1000	-0.01	35774	0.34
	31/12/2014			-5000	-0.05	30774	0.29
	02/01/2015			-2000	-0.02	28774	0.27
	09/01/2015			-2000	-0.02	26774	0.25
	16/01/2015			-2000	-0.02	24774	0.24
	30/01/2015			-2001	-0.02	22773	0.22
06/02/2015			-3000	-0.03	19773	0.19	
13/02/2015			-1000	-0.01	18773	0.18	
Closing Balance as on 31/03/2015					18773	0.18	

7	SI No.7 Name: SAILESH VIKRAMSINH THAKKER						
	PAN :AAAPT3100G						
	Opening Balance as on 01/04/2014	80000	0.758				
	29/08/2014			2000	0.02	82000	0.78
	14/11/2014			1000	0.01	83000	0.79
	13/02/2015			700	0.01	83700	0.79
	06/03/2015			1000	0.01	84700	0.80
	13/03/2015			1080	0.01	85780	0.81
	Closing Balance as on 31/03/2015					85780	0.81
8	SI No.8 Name: KRISHNA KODALI						
	PAN :ADFPK4034L						
	Opening Balance as on 01/04/2014	75000	0.711				
	Closing Balance as on 31/03/2015					75000	0.71
9	SI No.9 Name: LEKHYA ENTERTAINMENT PVT LTD						
	PAN :AABCL3986E						
	Opening Balance as on 01/04/2014	55000	0.521				
	20/03/2015			-52698	-0.50	2302	0.02
	27/03/2015			7698	0.07	10000	0.10
	Closing Balance as on 31/03/2015					10000	0.10
10	SI No.10 Name: SREEHARI ARUNKUMAR						
	PAN :AOBPA6012K						
	Opening Balance as on 01/04/2014	46737	0.443				
	30/06/2014			-3915	-0.04	42822	0.41
	11/07/2014			-262	0.00	42560	0.40
	21/11/2014			-18012	-0.17	24548	0.23
	28/11/2014			-1445	-0.01	23103	0.22
	05/12/2014			-2000	-0.02	21103	0.20
	20/03/2015			-2000	-0.02	19103	0.18
	27/03/2015			-1911	-0.02	17192	0.16
		Closing Balance as on 31/03/2015			-1000	-0.01	16192

5) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Dr. K Anilkumar - At the beginning of the year	344129	3.26		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
	At the end of the year			344129	3.26

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

In ₹Lacs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1277.65	4766.80	-	6044.45
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1277.65	4766.80	-	6044.45
Change in Indebtedness during the financial year				
* Addition	176.01	227.19	-	403.20
* Reduction	2.29	2.34	-	4.63
Net Change	173.72	224.85	-	398.57
Indebtedness at the end of the financial year				
i) Principal Amount	1451.37	4991.65	-	6443.02
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1451.37	4991.65	-	6443.02

**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Dr K Anilkumar, ED	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,20,000	28,20,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	28,20,000	28,20,000
	Ceiling as per the Act	Within Limit	Within Limit

**B. Remuneration to other directors.**

SN	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S Krishnamurthy	Dr K Rajagopalan	Mr. M S Seetharaman	
1	Independent Directors				
	Fee for attending board/committee meetings	1,15,000	65,000	25,000	2,05,000
	Commission				
	Others, please specify				
	Total (1)	1,15,000	65,000	25,000	2,05,000
2	Other Non-Executive Directors				
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)	0	0	0	0
	Total (B)=(1+2)	1,15,000	65,000	25,000	2,05,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	Within Limit	Within Limit	Within Limit	Within Limit

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CS	CS	CFO	Total
1	Gross salary in Rs	K Raghunadhan	Anusha Rajeswaran	Arvind Agarwal	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,74,614	89,859	24,16,552	31,81,025
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	6,74,614	89,859	24,16,552	31,81,025

**VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties /punishment/compounding of offences under the companies Act for the year ending 31<sup>st</sup> March, 2015 except for late filing fees paid for delayed e-filing of form amounting ₹ 12600

**ANNEXURE 6**  
**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and  
Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Ayurvedagram Heritage Wellness Centre Pvt Ltd
b)	Nature of contracts/arrangements/transaction	Sale of Ayurvedic Medicines
c)	Duration of the contracts/arrangements/transaction	15.12.2014 to 14.12.2017
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	15% discount on MRP of Company Products
e)	Justification for entering into such contracts or arrangements or transactions	Being a subsidiary of the company, KAL is offering such discount.
f)	Date of approval by the Board	6 <sup>th</sup> August 2014
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to Section 188	29 <sup>th</sup> September 2014
i)	Total Value of Transaction during the year	Rs.34.19 Lacs

2. Details of contracts or arrangements or transactions at Arm's length basis.

S.No	Name of the Related Party	Nature of relationship	Duration of the contract, Salient Terms and Advance paid	Transaction Amt in ₹ Lacs
1	Purchase of Raw Material-All Season Herbs P Ltd	Director relative	NA	37.18
2	Sale of Medicines-Nutraveda Inc	Subsidiary	NA	4.92
3	Receiving services By Ayurvedagram Heritage Wellness Centre P Ltd	Subsidiary	NA	2.06
4	Rendering of services- Ayurvedic Academic Inc	Subsidiary	NA	2.77
5	Rendering of services- Mason & Summers Leisure P Ltd	Common Director	NA	2.98
6	Rent Paid-Ms Sunitha Anil Kumar	Director's relative	NA	1.58
7	Rent Paid-Ms Chithra Gopinath	Director's relative	NA	6.05
8	Reimbursement of Expenses to KAL Subsidiaries	Subsidiary	NA	3.78
9	Reimbursement of Expenses by Ayusante Lifecare India Pvt Ltd	Common Director	NA	13.02
10	Purchase of raw materials – Confederation for Ayurvedic Renaissance – Keralam Ltd.	Common Director	NA	16.39
11	Reimbursement of Expenses by Katra Holding Pvt Ltd	Common Director	NA	0.03
12	Lending/Advances - to KAL Subsidiaries	Subsidiary	NA	157.96

13	Borrowings (including loans)- from Katra Holding Pvt Ltd	Common Director	NA	288.00
14	Repayment of loans -by KAL Subsidiaries	Subsidiary	NA	17.53
15	Repayment of Loans-to Katra Holding Pvt Ltd	Common Director	NA	60.81
16	Remuneration paid to Dr K Anilkumar, Executive Director	Director	3 years	30.00
17	Sitting Fees Paid to Directors-Mr S Krishnamurthy	Independent Director	NA	1.15
18	Sitting Fees Paid to Directors-Dr K Rajagopalan	Independent Director	NA	0.65
19	Sitting Fees Paid to Directors-Mr MS Seetharaman	Independent Director	NA	0.25
20	Remuneration paid to Arvind Agarwal, CFO	KMP	NA	25.68
21	Remuneration paid to K Raghunathan, CS upto 10 <sup>th</sup> Feb 2015	KMP	NA	6.10
22	Remuneration paid to Anusha Rajeswaran, CS from 10 <sup>th</sup> Feb 2015	KMP	NA	1.02

### ANNEXURE 7

Information in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended 31<sup>st</sup> March, 2015.

#### A. CONSERVATION OF ENERGY

- I. The Steps taken or Impact on conservation of energy NIL
- II. The Steps taken By the Company for utilizing alternate source of energy NIL
- III. The Capital Investment on energy conservation equipments NIL

#### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- I. The efforts made towards technology absorption  
All developments were done indigenously
- II. The benefits derived like product improvement, cost reduction, product development or import substitution  
During the year for ease of usage, Kwath tablets in container were converted into Blister pack.
- III. Details of imported technology  
During the year, company has not imported any technology. All developments were done indigenously.
- IV. The expenditure incurred on research and development
  - a) Capital NIL
  - b) Deferred Rev Exp ₹ 91.16 Lacs
  - c) Revenue ₹ 7.72 Lacs
  - d) Total ₹ 98.88 Lacs
  - e) Total R&D expenditure as a % of turnover 3.5%

#### C. FOREIGN EXCHANGE EARNINGS & OUTGO

The details of foreign exchange earnings and outgo are as under:

Foreign Exchange earnings & outgo	Current year
Earnings	₹ 54.52 Lacs
Out go	NIL

By order of the Board of Directors  
For Kerala Ayurveda Limited

Place: Bengaluru  
Date :29<sup>th</sup> May, 2015

Ramesh Vangal  
Chairman  
DIN 00064018



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Kerala Ayurveda Limited (KAL) believes that sound Corporate Governance is inevitable for improving efficiency and growth as well as enhancing investor confidence. Company has sound corporate practices and conscience, openness, fairness, professionalism and accountability which led it to the great success. The Company is adhering strictly to regulatory frameworks. Honesty, transparency and intensive communication with stakeholders are integral part of our policy.

### 2. BOARD OF DIRECTORS

#### a) Composition

The KAL Board 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 31<sup>st</sup> March 2015 is in accordance with provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges and the provisions of the Companies Act, 2013. All the Directors have informed the company periodically about their Directorship(s) and Membership on the Board Committees of other companies. As per disclosure received from Director(s), none of the directors holds membership in more than ten (10) Committees and Chairmanship in more than (5) committees.

The Board of Directors, oversees 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:

#### b) Attendance

S. 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	5	4	Yes
2	Mr. Ronald George Pearce	Non-Executive Vice-Chairman/ Independent Director	5	1	No
3	Dr. K Anilkumar	Whole Time/Executive Director	5	4	Yes
4	Dr. K Rajagopalan@	Non-Executive/ Independent Director	5 <sup>**</sup>	3	No
5	Mr. M C Mohan	Non-Executive/ Independent Director	5	3	No
6	Mr. S Krishnamurthy	Non-Executive/ Independent Director	5	5	Yes
7	Ms. Katarzyna Zimpel #	Non-Executive/ Promoter Director	5	5	No
8	Mr. A T Jacob	Non-Executive Director	5	5	Yes
9	Mr. M.S. Seetharaman*	Non-Executive/Independent Director	5 <sup>***</sup>	1	Yes

@ expired on 10<sup>th</sup> January, 2015.

# attended by Alternate Director Mr. Anand Subramanian.

\* appointed as Additional Independent Director on 10<sup>th</sup> February, 2015.

\*\* 4 meetings took place during his tenure

\*\*\* 1 meeting took place during his tenure

#### c) Meetings of the Board

S.No.	Date of Board Meeting	Total Strength of the Board	No. of Directors Present
1	24 <sup>th</sup> May, 2014	8	5
2	6 <sup>th</sup> August 2014	8	6
3	29 <sup>th</sup> September, 2014	8	7
4	14 <sup>th</sup> November, 2014	8	6
5	10 <sup>th</sup> February, 2015	8	7

**d) Other Directorships**

Name(s) of Directors	No. of directorship in other Boards.	No. of Chairmanship in other Boards	No. of membership in other Board Committees	No. of Chairmanship in other Board Committees
Mr. Ramesh Vangal	12	0	0	0
Mr. Ronald George Pearce	1	0	0	0
Dr. K Anilkumar	2	0	2	0
Dr. K Rajagopalan	NIL	0	0	0
Mr. M C Mohan	NIL	0	0	0
Mr. S Krishnamurthy	3	0	8	1
Ms. Katarzyna Zimpel	1	0	0	0
Mr. A T Jacob	4	0	0	0
Mr. M.S. Seetharaman	0	0	0	0
Mr. Anand Subramanian	11	0	0	0

**e) Pecuniary relationship or transactions**

Apart from receiving Directors Sitting Fees, the Non- Executive 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. Katarzyna Zimpel, Director are related Directors.

**f) Maximum tenure of Independent Directors**

The Independent Directors are appointed for a period of 5 (Five) years which is well within the maximum tenure of Independent Directors provided under the Companies Act, 2013 and clarifications/ circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

**g) Performance evaluation of Independent Directors**

The Nomination and Remuneration Committee of the Board laid out the evaluation criteria for performance evaluation of the Board, its Committees and all the individual directors, in adherence of clause 49 of the Listing Agreement.

The performance evaluation for the financial year was carried out in accordance with the criteria laid out by the Nomination and Remuneration Committee and approved by the Board.

The evaluation of all directors (including independent directors) was done by the entire Board of Directors (excluding the director being evaluated).

**h) Formal letter of appointment to Independent Directors**

The Company has issued letter of appointment to all the independent directors in the manner as provided under the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company at [www.keralaayurveda.biz](http://www.keralaayurveda.biz) under the "Investors" Section.

**i) Separate Meetings of the Independent Directors**

During the reporting financial year, a separate Meeting of the Independent Directors of the Company, was held on 14<sup>th</sup> November 2014, at the Corporate Office of the Company whereat the following items as enumerated under Schedule IV to the Companies Act, 2013 and clause 49 of the Listing Agreement were set out as the Agenda:

- (1) Review of performance of Non-Independent Directors and the Board as a whole;
- (2) Review of performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- 3) Assessment of the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**j) Familiarisation Programme for Independent Directors**

All Independent Directors are familiarized with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. from time to time.

The entire Board including Independent Directors has access to Product Heads/ Factory Heads and other commercial/ technical staff, wherever required for informed decision making.

The details of such familiarization programmes are disclosed on the company's website [www.keralaayurveda.biz](http://www.keralaayurveda.biz) under "Investors" section.

## k) CODE OF CONDUCT

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and with the highest standards of business ethics.

The Board has adopted Code of Conduct for Board Members and Senior Management Personnel. The Code was revised by the Board of Directors to suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

## l) COMPANY'S POLICY ON PROHIBITION OF INSIDER TRADING

KAL has formulated "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" to ensure timely and adequate disclosure of Unpublished Price Sensitive Information. This is published on the company's website [www.keralaayurveda.biz](http://www.keralaayurveda.biz) under the "Investors" section.

## 3. AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee is in strict adherence with the requirements specified in Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange. The terms of reference of the Audit Committee inter alia include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration, terms of appointment of auditors of the company and approval of payment to statutory auditors for any other services rendered by the statutory auditors;
3. Reviewing, with the management, the annual financial statements and auditor's report there on before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies & practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
6. Review and monitor the auditor's independence & performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions of the company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Discussion with internal auditors of any significant findings and follow up there on;
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; if any,
17. To review the functioning of the Whistle Blower mechanism;

18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
19. Reviewing any other matter which may be specified as role of the Audit Committee under the amendments, if any, from time to time, to the listing agreement, Companies Act, 2013 and other statute.

#### Composition and Attendance

The Audit Committee comprised of four (4) Directors viz. Mr. S Krishnamurthy, Mr. M C Mohan, Ms. Katarzyna Zimpel and Dr. K Rajagopalan. Mr. S Krishnamurthy is Chairman of the Committee. Dr.K. Rajagopalan expired on 10<sup>th</sup> January 2015. Mr.M.S.Seetharaman was appointed as member on 10<sup>th</sup> February, 2015. Two-Third of the Members of this committee are independent and Chairman is an Independent Director. During the financial year under review, four Audit Committee Meetings have been held on the following dates:1) 24<sup>th</sup> May, 2014 2) 6<sup>th</sup> August, 2014 3) 14<sup>th</sup> November, 2014 and 4) 10<sup>th</sup> February, 2015. The particulars of Meetings attended by the members of the Audit Committee are given below;

Name of the Director	No. of Meetings	No. of Meetings attended
Mr. S Krishnamurthy	4	4
Mr. M C Mohan	4	2
Ms. Katarzyna Zimpel *	4	4
Dr. K Rajagopalan	4	2
Mr.M.S.Seetharaman	4**	1

\* Attended by Alternate Director Mr. Anand Subramanian

\*\* During his tenure only 1 meeting took place

#### 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of Directors in its meeting held on 24<sup>th</sup> May, 2014 renamed Investors Grievance Committee as Stakeholders' Relationship Committee in alignment with the Companies Act, 2013 and Listing Agreement. Terms of reference of Stakeholder's Relationship Committee has been revised as per guidelines set out in the Listing Agreement with the Bombay Stock Exchange Ltd and the Companies Act, 2013 that interalia include looking into the transfer of shares, security holders grievances like non-receipt of balance sheet, non-receipt of declared dividends etc, issue of duplicate shares, exchange of new share certificates, recording of dematerialization/ rematerialisation of shares and related matters.

#### Composition and Attendance

Name of Director	No. of Meetings	No. of Meetings attended
Mr. A T Jacob	16	16
Dr. K Rajagopalan *	16	0
Dr. K Anilkumar	16	16

\*Dr.K. Rajagopalan expired on 10<sup>th</sup> January, 2015.

During the period under review, the Company has received NIL complaints from the shareholders. There were no pending complaints and share transfers as on 31<sup>st</sup> March, 2015. The Minutes of the Stakeholders Relationship Committee were noted by the Board at the subsequent Board Meetings.

Ms. Anusha Rajeswaran, 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 at present comprises of 3 Directors viz. Mr. Ramesh Vangal, Dr. K. Rajagopalan and Ms. Katarzyna Zimpel. The committee reviews good corporate governance practices followed by the Company so as to ensure that these practices reflect the latest developments in the corporate arena. Dr. K. Rajagopalan expired on 10<sup>th</sup> January, 2015.

## 6. NOMINATION & REMUNERATION COMMITTEE

The Board of Directors in its meeting held on 24<sup>th</sup> May, 2014 renamed Remuneration Committee as Nomination and Remuneration Committee in alignment with the Companies Act, 2013 and Listing Agreement with the Bombay stock Exchange. Terms of reference of the Nomination and Remuneration Committee are as per the Companies Act, 2013 and in accordance with the guidelines set out in the Listing Agreement entered into with Stock Exchanges which inter alia includes

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

### Composition and attendance

Mr.S.Krishnamurthy is the Chairman of the Nomination and Remuneration Committee and Mr.Ramesh Vangal and Dr. K. Rajagopalan were the other members of the Committee. Dr. K.Rajagopalan expired on 10<sup>th</sup> January,2015, Mr. M.S.Seetharaman was appointed as member on 10<sup>th</sup> February 2015. Half of the members of the committee are Independent directors and the Chairman is also an independent director. During the financial year one (1) meeting of the Remuneration committee was held on 10<sup>th</sup> February, 2015.

### Remuneration to Directors

The Non-Executive Independent Directors are being paid sitting fees of Rs.15,000/- for every Board Meeting attended by them and sitting fees of ₹ 10,000/- for every Committee Meeting except the Meeting of the Stakeholders' Relationship Committee, fees of which is ₹ 5,000/-.

Two (2) independent directors i.e. Mr. M.C. Mohan and Mr. Ronald George Pearce have voluntarily relinquish the right of sitting fees.

The details of the remuneration package/sitting fees provided to the Directors during the financial year 2014-15 is as follows:

### Executive Directors

(In Rupees)

Name	Basic Salary	Special Allowance & HRA	Contribution to Statutory funds	Total
Dr.K Anilkumar, Executive Director	15,00,000	13,20,000	1,80,000	30,00,000

### Non-Executive Directors

Director	No. of Board Meetings attended	No. of Committee Meetings attended	Amount of Sitting Fees paid (₹.)
Mr. Ramesh Vangal	4	0	0
Mr. Ronald George Pearce (Independent Director)	1	0	0
Dr. K Rajagopalan (Independent Director)	3	2	65,000
Mr. S Krishnamurthy (Independent Director)	5	4	1,15,000
Mr. M C Mohan (Independent Director)	3	2	0
Mr. A T Jacob	5	16	0
Mr. Anand Subramanian	5	4	0
Mr.M.S.Seetharaman	1	1	25,000



Details of shares of the Company held by Directors of the Company as on 31<sup>st</sup> March 2015 are given below:

Name	No. of Shares	% to Paid up Capital
Dr. K Anilkumar	344129	3.26

### Remuneration policy

Your Company has adopted a Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees; regulated by the Nomination and Remuneration Committee of the Board. The Policy is also available on the website of the Company [www.keralaayurveda.biz](http://www.keralaayurveda.biz) in the "Investors" section and also forms part of Directors' Report.

## 7. GENERAL BODY MEETINGS

### a) Annual General Meetings

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

Financial Year	Day & Date	Time	Venue	No. of Special resolutions passed at AGM
2011-12	Friday, 28 <sup>th</sup> September, 2012	2.50 P.M.	Green Park Auditorium, N H 47, Desom, Aluva	1
2012-13	Friday 27 <sup>th</sup> September, 2013	2.30 P.M.	Green Park Auditorium, N H 47, Desom, Aluva	NIL
2013-14	Monday 29 <sup>th</sup> September, 2014	2.30 P.M.	Green Park Auditorium, N H 47, Desom, Aluva	3

### b) Special Resolutions passed at last 3 AGMs

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

SL.	Date	Subject matter of Special resolution.
01	28 <sup>th</sup> September, 2012	<ul style="list-style-type: none"> <li>Re-appointment and fixing remuneration of Dr. K Anilkumar, Executive Director of the company.</li> </ul>
02	29 <sup>th</sup> September, 2014	<ul style="list-style-type: none"> <li>Entering into agreement with M/s Ayurvedagram for the sale of medicines.</li> <li>Increase in borrowing limit to Rs.50 crores</li> <li>Increase in Investment limit upto Rs.32 crores</li> </ul>

### c) Postal Ballot:

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

## 8. SUBSIDIARY

The Company has 7 Subsidiary Companies, out of which 6 are incorporated outside India. In order to adhere to the specific requirement to formulate a policy, the Board, in its Meeting has expressly adopted the definition of "Material Subsidiary" as given under clause 49 of the Listing Agreement with Bombay Stock Exchange, as a Policy Statement for determining 'Material' Subsidiaries of the Company. The Policy is disclosed on the company's website [www.keralaayurveda.biz](http://www.keralaayurveda.biz) in the "Investor section."

The Audit Committee of the Company reviews the financial statements, in particular, the investments made by the unlisted subsidiary company.

The minutes of the Board meetings of the Indian unlisted subsidiary company are placed at the Board meeting of the Company. The management periodically brings to the attention of the Board of Directors, a statement of all significant transactions and arrangements entered into by the Indian unlisted subsidiary company.

The Company has also formulated the policy on Dealing with Related Party Transactions. The Policy is disclosed on the company's website [www.keralaayurveda.biz](http://www.keralaayurveda.biz) in the "Investors" section.

## 9. 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) All transactions with related parties were in the ordinary course of business and at arm's length. The company has not entered into any transaction of a material nature with any of the related parties which are in conflict with the interest of the company.
- c) 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.
- d) As per Clause 49(V) of the Listing Agreement with the Bombay Stock Exchange 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 31<sup>st</sup> March, 2015 in the form prescribed by Clause 49 of the Listing Agreement.
- e) No penalty levied by Customs and Central Excise.
- f) As required under clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Directors and the Senior Management have confirmed compliance with the CODE OF CONDUCT & ETHICS for the financial year ended 31<sup>st</sup> March, 2015.
- g) The Company has adopted VIGIL MECHANISM / WHISTLE BLOWER POLICY and company will also give direct access to the Chairperson of the Audit Committee in case of Whistle Blower Policy.

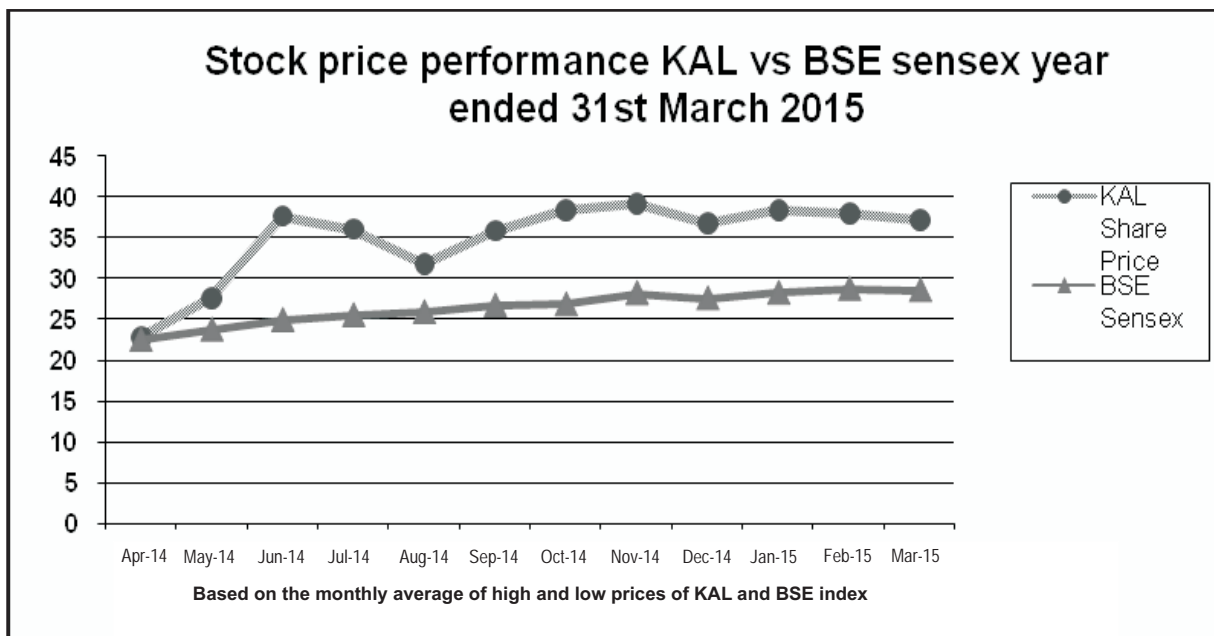
## 10. MEANS OF COMMUNICATION

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. Company also displays official new release on its website, if any. Thus, the same are not being sent to the shareholders separately and 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, corporate announcement etc. are also available at the website 'www.corpfiling.co.in' being jointly maintained by BSE & NSE.

## 11. GENERAL SHAREHOLDER INFORMATION:

- |      |   |  |
|------|---|--|
| i)   | Annual General Meeting<br>Day, Date and Time  | - 29 <sup>th</sup> September, 2015 at 4:30 PM  |
|      | Venue   | - Green Park Auditorium, NH47, Desom,<br>Aluva-683103.   |
| ii)  | Financial year  | - 1st April 2014 to 31st March, 2015   |
| iii) | Financial Reporting for the Quarter<br>(Calendar Tentative & Subject to change)   |  |
|      | 1 <sup>st</sup> quarter ending 30 <sup>th</sup> June, 2015  | - August, 2015 (2 <sup>nd</sup> Week)  |
|      | 2 <sup>nd</sup> quarter ending 30 <sup>th</sup> September, 2015   | - November, 2015 (2 <sup>nd</sup> Week)  |
|      | 3 <sup>rd</sup> quarter ending 31 <sup>st</sup> December, 2015  | - February, 2016 (2 <sup>nd</sup> Week)  |
|      | 4 <sup>th</sup> quarter ending 31 <sup>st</sup> March, 2016   | - May, 2016 (4 <sup>th</sup> Week)   |
| iv)  | Date of Book Closure  | - 24 <sup>th</sup> September to 29 <sup>th</sup> September, 2015<br>(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<br>Bombay Stock Exchange (Stock code: 530163) |
| vii) | Annual Listing Fees:  |  |
|      | Annual Listing Fees for the financial year 2015-16 to BSE has been paid.<br>CIN No. of the company: L24233KL1992PLC006592 |  |

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



## ix) Market Price Data: High/Low during each month in last financial Year at Bombay Stock Exchange. (₹)

Months	High	Low	Months	High	Low
April-14	25	21	Oct-14	43	34
May-14	33	22	Nov-14	47	32
June-14	47	29	Dec-14	40	34
July-14	41	32	Jan-15	44	33
Aug-14	34	30	Feb-15	42	34
Sept-14	44	28	Mar-15	43	32

## i) Registrar &amp; Share Transfer Agents:

M/s. Integrated Enterprises (India) Ltd, Chennai having office at Ernakulam is the Registrar & Transfer Agent of the company. Share Transfers, Dematerialization of shares and all other investor related activities are attended and processed at the office of the Registrar & Transfer Agent. Share holders/ Investors/ Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the Registrar at the following address:

**M/s. Integrated Enterprises (India) Ltd.,**  
 Kences Towers 2nd Floor, No.1 Ramakrishna Street  
 Off North Usman Road, T Nagar, Chennai 600017  
 Ph: 044-28140801-03 Fax : 044-28142479  
 E-mail : corpserv@iepindia.com

## ii) Share Transfer System:

At the meetings of the Shareholders/Investors Grievance Committee of the Board, proposals for Share Transfer 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 DP will generate a Demat request which will be sent to the Registrar and Transfer Agent along with share certificates. On receipt of the same the Registrar and Transfer Agent will Demat the shares. 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.

**xii) Distribution of Share holding as on 31st March, 2015**

SI No.	Nominal value of shares (in Rupees)		No of Holders	% to total Holders	Total face value of shares ( in ₹)	% to total face value
	From	To				
1	1	5,000	6,712	91.15	627135	5.95
2	5,001	10,000	297	4.03	232065	2.20
3	10,001	20,000	157	2.13	237920	2.25
4	20,001	30,000	62	0.84	157732	1.49
5	30,001	40,000	19	0.26	71517	0.68
6	40,001	50,000	27	0.37	124967	1.18
7	50,001	100,000	42	0.57	320577	3.04
8	Above	100,000	48	0.65	8783757	83.21
	Total		7,364	100.00	10555670	100.00

**xiii) Shareholders Profile as on 31st March, 2015**

SI	Category	Holders	Holders %	No. of Shares	Shares %
1	Clearing Members	24	0.33	22158	0.21
2	Corporate Bodies	113	1.53	343890	3.26
3	Public	7,225	98.11	3693211	34.99
4	Mutual	1	0.01	2976	0.02
5	Foreign Promoter	1	0.01	6493435	61.52
	Total	7,364	100	10555670	100.00

**(xiv) Global Depository Receipts etc.**

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

**(xv) Dematerialisation of shares**

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 31<sup>st</sup> March, 2015 is ₹ 10,55,56,700/- consisting of 10,555,670 shares of ₹ 10 each which were listed on the Bombay Stock Exchange. Out of the total number of listed shares, 89,07,141 shares forming 84.38% and 7,26,057 shares forming 6.88% stand dematerialized in NSDL and CDSL respectively and remaining 9,224,72 shares being 8.74% stands in physical form as on same date. The Company has established connectivity with both the Depositories through our Registrars, Integrated Enterprises (India) Ltd.

Reconciliation of Share Capital Audit is carried out by the Practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital.

**(xvi) Plant Location**

- |   |  |
|---|--|
| 01. Kerala Ayurveda Ltd.,<br>VII/415, Nedumbassery<br>Athani P.O., Aluva - 683585 | 02. Kerala Ayurveda Ltd.,<br>Raw Drug Division<br>Athani P O, Kottai – 683585                            |
| 03. Door No.XII/343-A,<br>Mannanchery North Aryad P.O.<br>Alappuzha-688542        | 04. No.309, 8 <sup>th</sup> Cross, 4 <sup>th</sup> Phase<br>Peenya Industrial Area<br>Bangalore - 560058 |

**(xvii) Address for correspondence**

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

Company Address	Registrar and 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. Kences Towers 2nd Floor Ramakrishna Street Off North Usman Road T Nagar, Chennai-600017 Ph: 044-28140801-03 Fax : 044-28142479 E-mail : corpserv@iepindia.com

## 12. NON-MANDATORY REQUIREMENTS

- 1) The Corporate office of the Company supports the Chairman in discharging his responsibilities.
- 2) As the Company publishes the quarterly financial results in English Newspaper having circulation all over India and in vernacular Newspaper, the same are not sent to each shareholders, individually.
- 3) The Company did not have any qualifications in the Auditors Report for the financial year 2014-15. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
- 4) 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.

By **order of the Board of Directors**  
For **Kerala Ayurveda Limited**

Place: Bengaluru  
Date :29<sup>th</sup> May, 2015

Ramesh Vangal  
Chairman  
DIN 00064018

## CODE OF CONDUCT- DECLARATION UNDER CLAUSE 49(II)(E)

To,  
The Members of  
Kerala Ayurveda Ltd.,

In pursuance of the provisions of Clause 49 (II)(E) 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 31<sup>st</sup> March, 2015.

For **Kerala Ayurveda Ltd.**

Place: Bengaluru  
Date : 29<sup>th</sup> May, 2015

Dr. K Anilkumar  
Executive Director  
DIN 00226353

## AUDITORS CERTIFICATE

To the Members of  
KERALA AYURVEDA LTD

We have examined the compliance of conditions of corporate Governance by Kerala Ayurveda Ltd, for the financial year ended on 31<sup>st</sup> March, 2015, as stipulated in clause 49 of the Listing Agreement of the 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 the 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 according to the 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 further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For BIJU GEORGE & CO**  
Chartered Accountants  
FRN: 007920S

Place: Bengaluru  
Date: 29<sup>th</sup> May, 2015

**BIJU GEORGE, B Sc, FCA**  
Proprietor  
MEM REGN No. 206233



**CEO /CFO CERTIFICATION**

To,  
The Board of Directors,  
Kerala Ayurveda Limited

We, the undersigned, in our respective capacities as Whole Time Executive Director and Chief Financial Officer of Kerala Ayurveda Limited (“the Company”), to the best of our knowledge and belief certify that:

1. We have reviewed financial statements and the cash flow statement for the Financial Year 2014-15 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations,
2. There are to the best of our knowledge and belief, no transactions entered into by the company during the financial year ended on 31st March,2015 which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. During the period under review, no significant changes were observed in the internal controls over financial reporting and accounting policies of the Company. Furthermore, there are no instances of fraud and the involvement therein of the management or employees having a significant role in the company's internal control system over financial reporting.

Bengaluru  
29<sup>th</sup> May, 2015

Dr K Anilkumar  
Whole time Director  
DIN 00226353

Arvind Agarwal  
Chief Financial Officer

## MANAGEMENT DISCUSSION AND ANALYSIS

### World Economy and Industry Overview

Global growth in 2014 at 3.4% remains moderate, with uneven prospects across the main countries and regions but reflecting a pickup in growth in advanced economies relative to the previous year and a slowdown in emerging market and developing economies. It is projected to be 3.5 % in 2015. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

### Economic Overview

The Economy of India is the seventh-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). India's economy became the world's fastest growing major economy from the last quarter of 2014, replacing China's. India also topped the World Bank's growth outlook for 2015-16 for the first time with the economy having grown 7.3% in 2014-15 and expected to grow 7.5-8.3% in 2015-16. The long-term growth prospective of the Indian economy is moderately positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy

### Ayurvedic Industry

Ayurveda is predominant among India's traditional health systems. It runs parallel to the modern health care sector and has a 70% share of the formal medicine market. India is 2nd largest exporter of ayurvedic and alternative medicine in the world. We have 6200 indigenous herbal plants. The country has developed vast AYUSH infrastructure comprising of 686,319 registered practitioners, 26,107 dispensaries and 3,167 hospitals in public sector, 501 undergraduate colleges with annual intake of 28,018 students, 151 centres for post graduate education with annual admission of 3504 scholars and 8896 licensed drug manufacturing units. There is an opportunity to tap Medical tourism market for curative and rejuvenation treatments.

### Business Overview

Ayurveda by itself is a contribution to mankind in its quest towards human well being. Kerala Ayurveda Ltd, hereinafter referred as "KAL", was founded in 1945. With an experience over 70 years and through a unique combination of heritage richness and investment in technology, KAL has developed into full spectrum Ayurveda Company, encompassing Academies, Herbal Garden, Products, Clinics, Hospitals, Resorts and Research. Over the years, KAL has developed proprietary formulations which have been widely accepted in the market. KAL has constantly endeavoured to deliver authentic ayurveda to the world through its chain of hospitals, treatment centers and consultation clinics. The KAL Herbarium which has more than 1500 varieties of plant has won many accolades. KAL is finalizing an agreement in US to integrate Yoga with Ayurveda as they are interconnected in practice and philosophy.

### Business Review

The business review has been dealt in the Directors Report forming part of this Annual Report.

### Future Outlook

Under the "Make in India" initiative for wellness industry, a scheme has been envisaged for the development of AYUSH clusters, for creating a Common Facility Centre for standardization, quality assurance and control, productivity, marketing, infrastructure and capacity-building through a cluster-based approach. The National Rural Health Mission has a declared policy of promoting 'Pluralistic Healthcare' by involving, alongside the allopathic system, the AYUSH systems, including local health traditions in its operational mission. 100% FDI is being permitted in the Ayush Sectors.

The company strategy for long-term profitability is to scale up its core business of authentic ayurveda with

increased focus on customer satisfaction. The company has clinics and wellness centers across India and has made human clinical trials for some of its new formulations. The distribution of KAL products through ethical route has increase by 13%. The following are some of the key business strategy of KAL

- Develop products and technology platform for the unmet medical need that add meaningful value
- Provide customer centric services to build deep and long lasting customer relationship
- Concentrate on the export market to tap the potential demand for ayurvedic preparations in the global market
- Investment in new treatment centers, hospitals and product distribution networks.
- Innovate and bring to market patented products, in this regard company has filed 3 patent application for products focused to manage Diabetes, Inflammation and Obesity.

### **Strengths**

We believe the following are our competitive strengths

- Strong R&D Capability & network
- Fully integrated and GMP manufacturing facility to manufacture both classical and proprietary ayurvedic formulations in the most hygienic and strict adherence to prescribed norms
- Competent and experienced team of experts for the standardization of treatments
- Well established network of clinics and treatment centre and distribution centers
- Developing a range of Beverages with Herbal additives for a launch by FMCG Major.

### **Challenges**

Major challenges for Ayurveda industry are regulatory concerns, consumer perceptions and competition. The regulatory agencies all over the world are focusing on the Quality, efficacy, safety and standardization of herbal medicines. The new guidelines from USFDA and EMEA cover the need for documentation in the above areas. Your company has been working in this area.

### **Human Resource**

Continuing Training programs for employees by internal faculties have greatly contributed to the HR development of our employees. The company has focused strategy to attract, integrate, develop and retain the best talent required for driving the business growth.

### **Internal Control System**

KAL has in place a well defined organizational structure and adequate internal controls for efficient operations. The team has in place internal policies, and is cognizant of applicable laws and regulations particularly those related to protection of resources and assets, and the accurate reporting of financial transactions. The company continually upgrades these systems. The audit findings are reviewed by the audit committee.

### **Cautionary Statement**

The statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be treated as 'forward looking statements' within the meaning of applicable laws and regulations. The success in realizing these goals depends on various factors, both internal and external. Therefore, the investors are requested to make their own independent judgments by taking into account all relevant factors before taking any investment decision.

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
KERALA AYURVEDA LIMITED,

**Report on the Financial Statements**

We have audited the accompanying financial statements of Kerala Ayurveda Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2015,
- b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, We give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

- a. We have sought and 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 it appears from our examination of those books;
- c. The Balance Sheet, The Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act and
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) There were no pending litigations which would impact the financial position of the Company
  - (ii) The Company does not have any long-term contracts requiring a provision for material foreseeable losses.
  - (iii) The company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

Bengaluru  
29<sup>th</sup> May, 2015

**BIJU GEORGE, B. Sc, FCA**

Proprietor  
MEM REGN No. 206233

## **ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

### **Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" 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) As explained to us, all the Fixed assets have been physically verified by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- ii) (a) The inventories have been physically verified during the year by the management. In our opinion frequency of verification is reasonable.  
(b) In our Opinion and according to the information and explanations given to us, the Procedures of Physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business  
(c) The Company has maintained proper records of inventories. As per the information and explanations given to us, no material discrepancies were noticed on physical verification
- iii) (a) The company has granted loans to its subsidiaries covered in the register maintained under section 189 of the act ('the act')  
(b) The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly paragraph 3(ii)(b) of the order is not applicable to the Company in respect of repayment of the principal amount  
(c) There are no overdue amounts of more than Rupees one lakh in respect of the loans granted to the body corporates listed in the register maintained under section 189 of the act.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control systems commensurate with the size of the company and the nature of its business with regard to the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit ,we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v) According to the information and explanation given to us the company has not accepted any deposit from the public. Accordingly the provisions of clause 3(v) of the Order are not applicable to the Company
- vi) The central government has not prescribed maintenance of cost records under Section 148 (1) of The Companies Act, 2013 . Accordingly the provisions of clause 3(vi) of the Order are not applicable to the Company
- vii) (a) According to the records of the company, undisputed statutory dues including Provident fund, Employees State Insurance , Income tax, Sales tax, Wealth Tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as on March 31,2015 for a period of more than six months from the date of becoming payable.  
(b)According to the records of the company there are no amounts that are due to be Transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of The Companies Act, 1956 and rules made there under.
- viii) The accumulated loss of the company is not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix) Based on our Audit procedures and according to the information and explanations given to us , we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or bank or debenture holders.
- x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly the provisions of clause 3(x) of the Order are not applicable to the Company
- xi) The Company did not have any the term loans outstanding during the year. Accordingly the provisions of clause 3(xi) of the Order are not applicable to the Company
- xii) According to the information and explanation given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B. Sc, FCA**

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015



**KERALA AYURVEDA LIMITED****BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015**

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
		Amount in ₹	Amount in ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	<b>2</b>	105,556,700	105,556,700
(b) Reserves and Surplus	<b>3</b>	32,514,857	28,788,192
(c) Money Received against Share Warrants	<b>4</b>	1,432,494	1,432,494
		139,504,051	135,777,386
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	<b>5</b>	499,165,076	476,882,310
(b) Other Long-Term Liabilities	<b>6</b>	3,667,500	3,692,500
(c) Long-Term Provisions	<b>7</b>	6,455,701	7,851,576
		509,288,277	488,426,386
<b>3 Current liabilities</b>			
(a) Short term Borrowings	<b>8</b>	145,137,061	127,765,813
(b) Trade payables	<b>9</b>	21,099,363	16,124,148
(c) Other current liabilities	<b>10</b>	17,010,888	19,767,585
(d) Short-term Provisions	<b>11</b>	4,527,420	4,153,529
		187,774,732	167,811,075
<b>TOTAL</b>		<b>836,567,060</b>	<b>792,014,847</b>
<b>B ASSETS</b>			
<b>1 Non-Current assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	<b>12</b>	166,069,895	177,650,017
(b) Non Current Investments	<b>13</b>	114,647,970	114,385,470
(c) Deferred Tax Assets (Net)		22,435,726	27,121,469
(d) Long-Term Loans and Advances	<b>14</b>	401,312,989	378,646,876
		704,466,580	697,803,831
<b>2 Current Assets</b>			
(a) Inventories	<b>15</b>	57,379,010	46,641,254
(b) Trade Receivables	<b>16</b>	43,614,695	42,389,746
(c) Cash and Cash equivalents	<b>17</b>	17,361,541	1,817,299
(d) Short-Term Loans and Advances	<b>18</b>	13,745,236	3,362,717
		132,100,480	94,211,016
<b>TOTAL</b>		<b>836,567,060</b>	<b>792,014,847</b>
<b>Significant accounting policies</b>	<b>1</b>		
See accompanying notes 1 to 35 forming part of the financial statements.			

In terms of our report attached.

**For BIJU GEORGE & CO**Chartered Accountants  
FRN: 007920S**BIJU GEORGE, B Sc, FCA**Proprietor  
MEM REGN No. 206233Bengaluru  
29<sup>th</sup> May, 2015**For and on behalf of the Board of Directors  
KERALA AYURVEDA LIMITED****RAMESH VANGAL**  
Chairman**Dr K ANILKUMAR**  
Executive Director**ANUSHA RAJESWARAN**  
Company Secretary**ARVIND AGARWAL**  
Chief Financial Officer

# KERALA AYURVEDA LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

SL	Particulars	Note No.	For the period ended 31st March, 2015	For the period ended 31st March, 2014
			Amount in ₹	Amount in ₹
1	Revenue from operations	19	307,040,000	276,919,332
2	Other income	20	368,264	47,608
	Gross Revenue		307,408,264	276,966,940
	Less: Excise Duty & VAT		24,171,141	21,461,495
3	<b>Total revenue</b>		<b>283,237,123</b>	<b>255,505,445</b>
4	<b>Expenses</b>			
	(a) Cost of Materials consumed	21	79,684,971	70,808,742
	(b) Purchases of Medicines (Stock In Trade)	22	2,891,415	2,052,950
	(c) Changes in Inventories of FG, WIP & Stock In Trade	23	(8,646,262)	(16,135,580)
	(d) Employee benefits expense	24	94,481,587	86,825,953
	(e) Finance costs	25	11,375,749	10,058,164
	(f) Depreciation	26	5,835,052	5,723,578
	(g) Other expenses	27	81,871,089	83,381,150
	<b>Total Expenses</b>		<b>267,493,602</b>	<b>242,714,957</b>
5	<b>Profit / (Loss) Before Extraordinary items and Tax (3 - 4)</b>		<b>15,743,521</b>	<b>12,790,488</b>
6	Add: Extraordinary Items		-	2,092,665
7	<b>Profit / (Loss) Before Tax (5 - 6)</b>		<b>15,743,521</b>	<b>14,883,153</b>
8	<b>Tax expense:</b>			
	(a) Current tax		-	-
	(b) Deferred tax		(4,685,742)	(4,601,652)
			<b>(4,685,742)</b>	<b>(4,601,652)</b>
9	<b>Profit / (Loss) for the period (7 - 8)</b>		<b>11,057,779</b>	<b>10,281,501</b>
10	<b>Earnings/(Loss) Per Equity Share</b>			
	Basic & diluted [Nominal value of shares Rs. 10/- each]		1.05	0.97
	<b>Significant Accounting Policies</b>	1		
	<b>See accompanying notes 1 to 35 forming part of the financial statements.</b>			

In terms of our report attached.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B Sc, FCA**

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015

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

**RAMESH VANGAL**

Chairman

**Dr K ANILKUMAR**

Executive Director

**ANUSHA RAJESWARAN**

Company Secretary

**ARVIND AGARWAL**

Chief Financial Officer

## KERALA AYURVEDA LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

Particulars	For the year Ended 31st March, 2015	For the year Ended 31st March, 2014
	Amt in ₹	Amt in ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax and Interest	27,119,270	24,941,317
<b>Adjustment for:</b>		
Interest Received	(366,014)	(37,858)
Dividend Received	(2,250)	(9,750)
Depreciation	5,835,052	5,723,578
Long term Capital gain on Compulsory acquisition of land (Profit)/Loss on sale of fixed assets	9,105	15,974
<b>Operating profit before working capital changes</b>	32,595,164	28,540,596
<b>Adjustments for:</b>		
Trade receivables	(1,224,949)	375,941
Inventories	(10,737,755)	(14,311,305)
Short Term loans and advances	(10,382,519)	(327,724)
Long Term loans and advances	(8,623,156)	(13,780,808)
Long Term Provisions	(1,395,875)	595,268
Other Long Term Liabilities	(25,000)	727,000
Trade Payables	4,975,215	(4,074,289)
Other Current Liabilities	(2,756,697)	1,080,612
Short Term Provisions	373,891	(10,774)
<b>Cash generated from operations</b>	(29,796,844)	(29,726,079)
Direct taxes paid		209,267
Net cash from operating activities	A	(976,216)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(1,603,949)	(12,896,741)
Sale of fixed assets	8,800	1,891,098
Investment-Share Application Money	(262,500)	-
Loans to Subsidiaries	(14,042,957)	(9,133,639)
Dividend Received	2,250	9,750
Interest Received	366,014	37,858
Net cash used in Investing activities	B	(20,091,674)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment (-)/ Proceeds(+) of Secured Loans		
Repayment (-)/ Proceeds(+) of UnSecured Loans	22,282,766	(57,852,908)
Net Increase/(Decrease) in Working Capital Borrowings	17,371,248	82,533,009
Finance Cost	(11,375,749)	(10,058,164)
Net cash from financing activities	C	14,621,936
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	15,544,242	(6,445,954)
Cash & Cash Equivalents at Beginning of year	1,817,299	8,263,253
Cash & Cash Equivalents at End of year	17,361,541	1,817,299
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	15,544,242	(6,445,954)

In terms of our report attached.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B Sc, FCA**

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015

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

**RAMESH VANGAL**  
Chairman

**Dr K ANILKUMAR**  
Executive Director

**ANUSHA RAJESWARAN**  
Company Secretary

**ARVIND AGARWAL**  
Chief Financial Officer

# KERALA AYURVEDA LIMITED

## Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

### Note 1-Significant Accounting Policies

#### 1.1 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.

#### 1.2 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

#### 1.3 Fixed Assets

- Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
- Depreciation on all other fixed assets is provided based on the useful lives of the asset as prescribed under Schedule II of the Companies Act 2013. Depreciation on additions has been calculated on prorata basis.

Assets	Useful Life in years (Schedule II)
Land	Nil
Building	30
Office Equipments	5
Computers & Peripherals	3
Vehicles	8
Furniture & Fittings	10

#### 1.4 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.

#### 1.5 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.

#### 1.6 Revenue Recognition

Sales are net of rebate, discount, 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.

#### 1.7 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.

#### 1.8 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.

#### 1.9 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.

#### 1.10 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.

#### 1.11 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.

#### 1.12 Investments

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

#### 1.13 Earnings Per Share

The basic and diluted earnings per share (E P S) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

#### 1.14 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.

#### 1.15 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.

## KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015		As at 31st March, 2014	
		Number of shares	In ₹	Number of shares	In ₹
<b>2</b>	<b>Share capital</b>				
	(a) Authorised Capital Equity shares of ₹ 10/- each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
	(b) Issued Capital Equity shares of ₹ 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
	(c) Subscribed and fully paid up Equity shares of ₹ 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
	<b>Total</b>	<b>10,555,670</b>	<b>105,556,700</b>	<b>10,555,670</b>	<b>105,556,700</b>
<b>Notes:</b>					
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:					
	<b>Particulars</b>	<b>Opening Balance</b>	<b>Fresh issue</b>	<b>Buy back</b>	<b>Closing Balance</b>
	Equity shares with voting rights				
	Year ended 31 March, 2015				
	- Number of shares	10,555,670	-	-	10,555,670
	- Amount (In ₹)	105,556,700	-	-	105,556,700
	Year ended 31 March, 2014				
	- Number of shares	10,555,670	-	-	10,555,670
	- Amount (In ₹)	105,556,700	-	-	105,556,700
(ii) Rights, Preferences and restrictions attached to Equity Shares: The Company has one class of equity shares, having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company in proportion to their shareholding.					
(iii) Details of shares held by each shareholder holding more than 5% shares:					
	<b>Class of shares / Name of shareholder</b>	<b>As at 31st March, 2015</b>		<b>As at 31st March, 2014</b>	
		<b>Number of shares held</b>	<b>% holding in that class of shares</b>	<b>Number of shares held</b>	<b>% holding in that class of shares</b>
	Equity shares with voting rights Katra Holdings Ltd	6,493,435	61.52%	6,493,435	61.52%
(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:					
	<b>Particulars</b>	<b>Equity shares with voting rights-No of Shares</b>			
		<b>Opening Balance</b>	<b>Fresh issue</b>	<b>Buy back</b>	<b>Closing Balance</b>
	<b>As at 31st March, 2015</b>				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435
	<b>As at 31st March, 2014</b>				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435

## KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015	As at 31st March, 2014
		Amount in ₹.	Amount in ₹.
3	<b><u>Reserves and Surplus</u></b>		
	Capital Reserve	3,110,879	3,110,879
	Share Premium	114,514,976	114,514,976
	General reserve	1,798,000	1,798,000
	Surplus / (Deficit) in Statement of Profit and Loss		
	At the commencement of the year	(90,635,662)	(100,917,164)
	Add: Profit for the year	11,057,779	10,281,501
	Less: Carrying amounts of Fixed Assets debited to retained earnings where remaining useful life of the Asset is NIL as on 1st April 2014	(7,331,115)	-
	<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(86,908,998)</b>	<b>(90,635,663)</b>
	<b>Total</b>	<b>32,514,857</b>	<b>28,788,192</b>
4	<b><u>Money Received against Share warrants</u></b>		
	Warrant Application Money	1,494	1,494
	Share Warrant Application Money Forfeited	1,431,000	1,431,000
<b>Total</b>	<b>1,432,494</b>	<b>1,432,494</b>	
5	<b><u>Long-term borrowings</u></b>		
	(a) From Others		
	Unsecured		
	Axis Bank-Car Loan	435,835	599,386
	(b) Loans and advances from related parties		
	Unsecured		
	From Share Holders	-	70,183
From Group Companies			
Katra Holding Pvt Ltd	498,729,241	476,010,555	
<b>Total</b>	<b>499,165,076</b>	<b>476,680,124</b>	
	Note: Car loans are secured by hypothecation of respective vehicle		
6	<b><u>Other Long-Term Liabilities</u></b>		
	Deposits Received from Business associates	3,667,500	3,692,500
<b>Total</b>	<b>3,667,500</b>	<b>3,692,500</b>	
7	<b><u>Long-term Provisions</u></b>		
	Provision for Gratuity	6,455,701	7,851,576
<b>Total</b>	<b>6,455,701</b>	<b>7,851,576</b>	
8	<b><u>Short Term Borrowings</u></b>		
	<b>Secured loan repayable on demand</b>		
	Kotak Mahindra Bank-Ernakulam (OD)	16,518,339	7,049,272
	Kotak Mahindra Bank-Bangalore (OD)	58,618,722	50,487,226
	Kotak Mahindra Bank Short Term Loan	20,000,000	20,229,315
	(Credit Facilities from Kotak Mahindra Bank are secured Against exclusive charge on entire current assets of the Company both present and future, Collateral in the form of equitable mortgage of land belonging to the Company in Kalloor Thekkummuri Village, Trichur District and mortgage of land belonging to Chairman situated at Bangalore and personal guarantee of Chairman)		
	<b>Secured loan repayable on demand</b>		
	<b>ICD from Tata Global Beverages Limited</b>		
	(Ext of 2 Acres and 4 Guntas of land bearing Survey no 49 of Sonnapanahalli Village, Doddaballapur Taluk, Bengaluru belong to Arudrama)	50,000,000	50,000,000
	<b>Total</b>	<b>145,137,061</b>	<b>127,765,813</b>



**KERALA AYURVEDA LIMITED**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015 Amount in ₹	As at 31st March, 2014 Amount in ₹
<b>9</b>	<b><u>Trade Payables</u></b>		
	Sundry Creditors- Mfgs.	10,138,015	11,359,769
	Sundry Creditors- Others	10,961,348	4,764,378
	<b>Total</b>	<b>21,099,363</b>	<b>16,124,148</b>
	Note: Dues to Micro, Small and Medium Enterprises under MSMED Act based on the available information with the company	<b>2,258,971</b>	<b>3,413,549</b>
<b>10</b>	<b><u>Other current liabilities</u></b>		
	(a) Other payables		
	Advances from Customers	1,782,376	1,525,588
	Statutory Liabilities	2,710,359	2,409,355
	Accrued Employee Liabilities	6,405,716	10,025,045
	Rent Payable	3,779,600	3,602,148
	Other Current Liabilities	2,169,286	2,205,449
	<b>Total</b>	<b>17,010,888</b>	<b>19,969,771</b>
<b>11</b>	<b><u>Short-term provisions</u></b>		
	(a) Provision - Others:		
	Bonus Payable	4,008,369	3,383,604
	Privilege Leave Encashment Payable	519,051	769,925
	<b>Total</b>	<b>4,527,420</b>	<b>4,153,529</b>
<b>13</b>	<b><u>Non Current Investments</u></b>		
	<b><u>In Subsidiary Companies</u></b>		
	(Unquoted, At cost)		
	16,65,000 equity shares of ₹10 each in Ayurvedagram Heritage Wellness Centre Pvt Ltd	64,286,600	64,286,600
	100 Common stock of no par value in Nutravada Inc. (formerly known as Ayu. Inc)	5,620	5,620
	100 Common stock of no par value in Ayu Natural Medicines Clinic PS., USA	21,516,252	21,516,252
	100 Common stock of no par value in Ayurvedic Academy Inc., USA	27,242,710	27,242,710
	817 Common stock of USD 1 par value in CMS Katra Holdings LLC, USA	34,853	34,853
	1 Share of face value 1 Sing \$ in Nutravada Pte Ltd, Singapore	-	-
	Share application money of in Nutravada Pte Ltd, Singapore	281,935	281,935
	<b><u>Non Trade</u></b>		
	(Quoted, At cost)		
	500 equity shares of ₹ 10 each fully paid up in Canara Bank Ltd(Quoted) Market Value Rs 367.90	17,500	17,500
	last Year ₹ 264.35 per share		
	(Unquoted, At cost)		
	100 Equity Shares of ₹.10000/- each in Confederation for Ayurvedic Renaissance Keralam Ltd	1,000,000	1,000,000
	Share application money in Confederation for Ayurvedic Renaissance Keralam Ltd	262,500	
	<b>Total</b>	<b>114,647,970</b>	<b>114,385,470</b>

## KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015 Amount in ₹	As at 31st March, 2014 Amount in ₹
14	<b>Long-Term loans and advances</b> (Unsecured, considered good unless otherwise stated)		
	Deposits with Govt. Authorities	889,171	940,304
	Deposits with others	7,972,110	8,447,577
	Income Tax advance	7,213,785	7,179,755
	Project Expenses	43,192,197	34,076,471
	WIP Nurse Training Deferred	32,383,402	32,383,402
	Loans to Subsidiaries	309,662,324	295,619,367
	<b>Total</b>	<b>401,312,989</b>	<b>378,646,876</b>
Note: Loan to subsidiary comprises of, working capital loan to Nutraveda Inc., USA ₹.11,05,25,499/- Ayurvedic Academy Inc., USA ₹.11,62,25,592/- , CMS Katra Holdings LLC, USA ₹.82,867,445/- and Nutraveda PTE Ltd ₹ 43,788/- which are non interest bearing loans			
15	<b>Inventories</b> (Inventory as taken, valued and certified by the management) (At lower of cost and net realisable value)		
	Finished Goods	29,266,326	28,867,525
	Goods in transit	1,134,468	158,245
	Furnace Oil	450,625	362,736
	Packing Material	2,432,082	2,030,210
	Raw Material	6,387,879	4,751,297
	Stores & Spares	83,509	118,358
	Work in Progress	17,624,121	10,352,883
<b>Total</b>	<b>57,379,010</b>	<b>46,641,254</b>	
16	<b>Trade receivables</b> (Unsecured, considered good unless otherwise stated)		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	2,184,963	2,264,148
	Other Trade receivables	41,429,732	40,125,598
	<b>Total</b>	<b>43,614,695</b>	<b>42,389,746</b>
Note: Trade receivables include debts due from:			
	Directors *	NIL	NIL
	Other officers of the Company *	NIL	NIL
	Firms in which any director is a partner	NIL	NIL
	Private companies in which any director is a director or member	NIL	NIL
17	<b>Cash and cash equivalents</b>		
	(a) Cash on hand	2,244,750	657,310
	(b) Cheques, drafts on hand	1,314,149	1,344,654
	(c) Balances with banks		
	(i) In Current accounts	13,240,756	(962,007)
	(ii) In Deposit accounts		
Bank Deposits with original maturity for more than 12 months	561,886	777,341	
<b>Total</b>	<b>17,361,541</b>	<b>1,817,299</b>	
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 173,61,541 (Previous Year ₹ 18,17,299/-)			
18	<b>Short-term loans and advances</b> (Unsecured, considered good unless otherwise stated)		
	Advance for Purchase	6,765,863	410,343
	Other Advances	6,767,861	2,737,133
	Prepaid expense	211,511	215,241
	<b>Total</b>	<b>13,745,235</b>	<b>3,362,717</b>

**KERALA AYURVEDA LIMITED**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015**Note 12 Fixed Assets**

Tangible Assets	Gross Block				Depreciation				Net Block		
	Balance as at 1 <sup>st</sup> April, 2014	Addition	Disposals	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 1 <sup>st</sup> April, 2014	For the year	Prior Period Depreciation	Deduction	Balance as on 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2015	Balance as at 31 <sup>st</sup> March, 2014
Land	111,544,126	-	-	111,544,126	-	-	-	-	-	111,544,126	111,544,126
Building	45,146,549	753,201	-	45,899,750	18,688,177	887,606	305,665	-	19,881,388	26,018,362	26,458,432
Plant & Machinery	37,911,764	39,183	1,200	37,949,747	20,423,076	1,949,437	2,486,419	994	24,857,938	13,091,809	17,488,688
Electrical Fitting	4,695,306	123,487	5,730	4,813,063	2,888,287	210,519	491,366	4,635	3,585,537	1,227,526	1,807,019
Furniture & Fixture	28,540,811	98,040	26,450	28,612,401	14,528,577	1,721,359	3,479,666	9,848	19,719,753	8,892,648	14,012,234
Office Equipment	9,226,423	533,467	-	9,759,890	8,490,049	244,783	1,128	-	8,735,960	1,023,929	736,374
Computer & Accs.	8,726,768	-	-	8,726,768	7,226,725	580,943	285,871	-	8,093,539	633,230	1,500,043
Vehicle	2,367,611	56,571	-	2,424,182	758,946	223,685	164,347	-	1,146,978	1,277,203	1,608,665
Misc. Fixed Assets	2,494,435	-	-	2,494,435	-	16,720	116,652	-	133,372	2,361,063	2,494,435
<b>Total</b>	<b>250,653,793</b>	<b>1,603,949</b>	<b>33,380</b>	<b>252,224,362</b>	<b>73,003,777</b>	<b>5,835,052</b>	<b>7,331,115</b>	<b>15,447</b>	<b>86,154,467</b>	<b>166,069,895</b>	<b>177,650,016</b>
Previous year	237,792,502	12,896,741	35,450	250,653,793	67,291,974	5,723,578		11,775	73,003,777	177,650,017	170,500,528

**KERALA AYURVEDA LIMITED**Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

Notes	Particulars	For the period ended	For the period ended
		31st March, 2015	31st March, 2014
		Amount in ₹	Amount in ₹
<b>19</b>	<b><u>Revenue from Operations</u></b>		
	(a) Sale of products	239,971,769	223,105,115
	(b) Sale of services	67,068,231	53,814,216
	<b>Total</b>	<b>307,040,000</b>	<b>276,919,332</b>
	<b>(i) Sale of products comprises:</b>		
	Sale of Ayurvedic Medicine	239,971,769	223,105,115
	<b>Total</b>	<b>239,971,769</b>	<b>223,105,115</b>
	<b>(ii) Sale of services comprises:</b>		
	Treatment Income	54,067,569	43,127,574
	Training Income	5,781,875	5,210,608
	Registration Fees	2,561,913	2,157,554
	Other Operational Income	4,656,874	3,318,480
	<b>Total</b>	<b>67,068,231</b>	<b>53,814,216</b>
<b>20</b>	<b><u>Other Income</u></b>		
	Interest Received	366,014	37,858
	Dividend Income	2,250	9,750
	<b>Total</b>	<b>368,264</b>	<b>47,608</b>
<b>21</b>	<b><u>Cost of materials consumed</u></b>		
	<b><u>Raw Material</u></b>		
	Opening stock	4,751,297	6,400,104
	Add: Purchases	63,472,854	52,380,964
	Less: Closing stock	6,387,879	4,751,297
	<b>(A)</b>	<b>61,836,273</b>	<b>54,029,772</b>
	<b><u>Packing Material</u></b>		
	Opening Stock	2,030,210	2,130,605
	Add: Purchase	18,250,570	16,678,576
	Less: Closing Stock	2,432,082	2,030,210
	<b>(B)</b>	<b>17,848,698</b>	<b>16,778,971</b>
	<b>Cost of material consumed(A+B)</b>	<b>79,684,971</b>	<b>70,808,742</b>
<b>22</b>	<b><u>Purchase of Stock In Trade</u></b>		
	Purchase of Medicines	2,891,415	2,052,950
	<b>Total</b>	<b>2,891,415</b>	<b>2,052,950</b>
<b>23</b>	<b><u>Changes in inventories of stock of F G, WIP &amp; Stock in trade</u></b>		
	<u>Inventories at the end of the year:</u>		
	Stock of FG,WIP & Stock in Trade	48,024,915	39,378,653
		<b>48,024,915</b>	<b>39,378,653</b>
	<u>Inventories at the beginning of the year:</u>		
	Stock of FG,WIP & Stock in Trade	39,378,653	23,243,073
		<b>39,378,653</b>	<b>23,243,073</b>
	<b>Net (increase) / decrease</b>	<b>(8,646,262)</b>	<b>(16,135,580)</b>
<b>24</b>	<b><u>Employee benefits expense</u></b>		
	Salaries and wages	83,743,550	77,033,058
	Contributions to provident funds	5,915,781	5,059,950
	Staff welfare expenses	4,822,256	4,732,944
	<b>Total</b>	<b>94,481,587</b>	<b>86,825,953</b>

## KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

Notes	Particulars	For the period ended	For the period ended
		31st March, 2015	31st March, 2014
		Amount in ₹	Amount in ₹
<b>25</b>	<b><u>Finance costs</u></b>		
	(a) Interest expense on:		
	(i) Borrowings	10,297,253	7,325,183
	(ii) Others		
	- Bank Charges	708,497	2,339,716
	- Other Interest	369,999	393,266
	<b>Total</b>	<b>11,375,749</b>	<b>10,058,164</b>
<b>26</b>	<b><u>Depreciation expense</u></b>		
	Depreciation	5,835,052	5,723,578
	<b>Total</b>	<b>5,835,052</b>	<b>5,723,578</b>
<b>27</b>	<b><u>Other expenses</u></b>		
	Rent	11,302,146	11,320,100
	Rates and Taxes	941,946	486,380
	Legal & Professional charges	351,638	735,161
	Directors Sitting Fee	205,000	190,000
	Research and Development Expenses	772,094	464,036
	Travelling -Others	1,812,667	2,214,787
	Loss on sale of fixed Asset	10,608	18,675
	Publication Expenses	125,935	245,744
	Repairs & Maintenance- Others	1,096,945	1,067,272
	Vehicle Maintenance	247,053	202,581
	Insurance	87,259	67,426
	Printing & Stationery	1,086,080	968,200
	Postage & Telephone	1,769,036	1,846,331
	Secretarial Expenses	876,524	707,097
	Repairs & Maintenance Branch assets	1,476,880	2,451,308
	Conveyance Expenses	908,147	729,410
	Canteen Expenses	1,995,611	1,407,426
	Bad Debts W/Off	-	1,997,410
	Electricity charges (Branches/Depot)	2,012,540	1,764,123
	Other Administrative Expenses	5,232,343	5,703,651
	Audit fee	211,600	189,000
	Travelling -Sales Staff	7,389,056	7,238,631
	Advertisements	424,148	1,178,301
	Commission & Discount	4,462,269	4,239,410
	Training Expenses	583,551	1,132,969
	Freight Outward	5,068,411	4,068,173
	Sales promotion exp	3,354,969	2,943,153
	Other Selling & Distribution Expenses	924,594	917,967
	Fuel Consumed	4,328,308	9,851,378
	Electricity charges	1,205,166	1,330,427
	Repairs to Plant & Machinery	476,303	1,126,433
	Repairs to Building	450,123	-
	Job Works	12,063,917	5,493,843
	Other Manufacturing Expenses	2,344,240	1,984,775
	Cultivation Expenses	202,832	393,431
	Treatment Expenses	6,071,152	6,706,145
	<b>Total</b>	<b>81,871,089</b>	<b>83,381,150</b>
	(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
	As auditors - Statutory audit & Tax Audit	140,000	125,000
	For company law matters	48,000	44,000
	Reimbursement of expenses	23,600	20,000
	<b>Total</b>	<b>211,600</b>	<b>189,000</b>

## KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2015

28 Earnings in Foreign Currency :		Amount in ₹	
Particulars	31st March, 2015	31st March, 2014	
Export of Medicine	5,451,885	6,507,589	
<b>Total</b>	<b>5,451,885</b>	<b>6,507,589</b>	
Expenditure in Foreign Currency :			
Particulars	31st March, 2015	31st March, 2014	
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	
29 Related party transactions			
Details of related parties:			
Description of relationship	Names of related parties		
Holding Company	Katra Holdings Ltd, Mauritius		
Subsidiary Companies	Ayurvedagram Heritage Wellness Centre Pvt Ltd		
	Nutraveda Inc, USA		
	Ayu Natural Medicine Clinic PS, USA		
	Ayurvedic Academy Inc., USA		
	Nutraveda Pte Ltd , Singapore		
	CMS Katra Holdings LLC, USA		
	CMS Katra Nursing LLC, USA		
Companies where Director is having control/significant influence	All Seasons Herbs Pvt. Ltd.		
	Ayusante Lifecare India Pvt Ltd		
	Confederation for Ayurvedic Renaissance-Keralam Ltd		
	KAL Ayurveda Research & Education Foundation		
	Katra Holding Pvt. Ltd.		
	Katra Phytochem (India) Pvt. Ltd.		
Director/Key Managerial Person	Mason & Summers Leisure Pvt. Ltd.		
	Dr K Anil Kumar, Whole time Director		
	Mr S.Krishnamurthy, Independent Director		
	Dr. K.Rajagopalan, Independent Director		
	Mr M.S.Seetharaman, Additional Independent Director		
	Mr Arvind Agarwal , CFO		
	Mr K. Raghunadhan, Company Secretary		
Relative of key Managerial Person	Ms Anusha Rajeswaran, Company Secretary		
	Mrs Sunitha Anilkumar		
Mrs Chithra Gopinath			
Note: Related parties have been identified by the Management.			
Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:			
Particulars	31st March, 2015	31st March, 2014	
Purchase of Raw Materials- All Season Herbs Pvt Ltd	3,717,862	5,765,008	
Purchase of Raw Materials- Confederation for Ayurvedic Renaissance-Keralam Ltd	1,639,389	2,057,237	
Sale of Medicines-Ayurvedagram Heritage Wellness Centre P Ltd	3,419,819	2,744,449	
Sale of Medicines-Nutraveda Inc	491,648	685,688	
Receiving services By Ayurvedagram Heritage Wellness Centre P Ltd	206,029	79,064	
Rendering of services- By KAL Ayurveda Research & Education Foundation	-	50,000	
Rendering of services- Ayurvedic Academy Inc	277,560	1,562,556	
Rendering of services- Mason & Summers Leisure P Ltd	298,795	560,207	
Rent Paid-Sunitha Anil Kumar	157,500	150,000	
Rent Paid-Chithra Gopinath	605,000	1,200,000	
Managerial Remuneration-Dr K Anilkumar	3,000,000	3,000,000	
Remuneration paid to Mr Arvind Agarwal , CFO	2,568,472	2,035,652	
Remuneration paid to Mr K. Raghunadhan, Company Secretary up to 10/02 /2015	609,836	712,800	
Remuneration paid to Ms Anusha Rajeswaran, Company Secretary w.e.f 10/02/2015	101,561	-	



# KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2015

	Sitting fees paid to Directors-Mr.S Krishnamurthy, Dr.K Rajagopalan and Mr.M.S.Seetharaman	205,000	190,000
	Reimbursement of Expenses to KAL Subsidiaries	378750	1,713,604
	Reimbursement of Expenses by Ayusante Lifecare India Pvt Ltd	1,302,500	655,079
	Reimbursement of Expenses by Katra Holding Pvt Ltd	3,314	1,108,011
	Lending/Advances - to KAL Subsidiaries	15,796,417	18,623,639
	Borrowings (including loans)- from Katra Holding Pvt Ltd	28,800,000	33,630,000
	Repayment of loans -by KAL Subsidiaries	1,753,460	9,490,000
	Repayment of Loans-to Katra Holding Pvt Ltd	6,081,314	91,000,000
	<b>Balances outstanding at the end of the year</b>		
	Lending- to KAL Subsidiaries	309,662,324	295,619,367
	Borrowings- from Katra Holding Pvt Ltd	498,729,241	476,010,555
<b>30</b>	<b>Contingent Liabilities</b>		
	Particulars		
	I. The company has given a bank guarantee of ₹1,000,000/- to Health & Family Welfare Dept, Government of Kerala towards security deposit for giving permission to start one year para medical certificate course in Ayurveda Therapy.		
	II. The company has given a bank guarantee of ₹.500,000/- to The Registrar, Banaras Hindu University towards security deposit for setting up Kerala Ayurveda Panchakarma Center at S S Hospital under BHU.		
	III. The company has given a bank guarantee of ₹.90,000/- to Commissioner, Delhi Value Added Tax towards VAT registration at Delhi		
	IV. The company has given a bank guarantee of ₹.50,000/- to Commissioner, Delhi Value Added Tax towards F Form.		
	V. The company has given a bank guarantee of ₹25,000/- to CTO ,Madanapally, Andhara Predesh Value Added Tax towards CST registration .		
<b>31</b>	<b>Deferred tax assets/ (liabilities)</b>		
	<b>Particulars</b>	<b>As at 31st March, 2014</b>	<b>As at 31st March, 2015</b>
		<b>Movement</b>	
	Book/Tax depreciation difference	(8,189,847)	(7,384,893)
	Provision for Gratuity	2,580,470	2,149,145
	Carry forward of business Loss	15,625,022	10,565,651
	Unabsorbed Depreciation Carried forward	17,105,824	17,105,824
	<b>Total deferred tax Asset</b>	<b>27,121,469</b>	<b>22,435,726</b>
<b>32</b>	<b>Earnings/ (Loss ) per share :</b>		
	<b>Particulars</b>	<b>31st March, 2015</b>	<b>31st March, 2014</b>
	Net Profit /(Loss) after Tax	11,057,779	10,281,501
	Weighted Average Number of Shares outstanding during the year	10,555,670	10,555,670
	Earnings/ (Loss) Per Share (₹.)	1.05	0.97
	Nominal Value of Shares (₹.)	10.00	10.00
<b>33</b>	Segment results: The company is primarily engaged in Ayurvedic services and products. Accordingly there is no separate reportable segment in accordance with AS 17-Segment reporting prescribed under the Companies (Accounting Standards) Rules 2006.		
<b>34</b>	Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year classification/Disclosure.		
<b>35</b>	During the year, the company has changed the depreciation policy as per the Schedule II of the The Companies Act 2013 and depreciation is provided over the useful life of the asset. Prior to the this, the company was following SLM method as per the Companies Act 1956. Due to the change in policy, the depreciation of ₹.73,31,115/- has been adjusted to the opening retained earnings.		

In terms of our report attached.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B Sc, FCA**

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015

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

**RAMESH VANGAL**  
Chairman

**Dr K ANILKUMAR**  
Executive Director

**ANUSHA RAJESWARAN**  
Company Secretary

**ARVIND AGARWAL**  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Kerala Ayurveda Limited,

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Kerala Ayurveda Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2015, and the consolidated profit and their consolidated cash flows for the year ended on that date.

**Other Matters**

(a) We did not audit the financial statements of subsidiaries Ayurvedagram Heritage Wellness Centre Private Limited, India, Ayurvedic Academy Inc, Nutraveda Inc, Ayu Natural Medicine Clinic PS, CMS Katra Holdings LLC, CMS Katra Nursing LLC, USA and Nutraveda PTE Ltd, Singapore whose financial statements reflect total assets of ₹ 4252.25 Lacs as at 31st March, 2015, total revenues of ₹ 1166.33 Lacs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and, subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies incorporated in India, none of the directors of holding company and its subsidiary Companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group,
  - ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India.

**For BIJU GEORGE & CO**Chartered Accountants  
FRN: 007920SBengaluru  
29<sup>th</sup> May, 2015**BIJU GEORGE, B. Sc, FCA**Proprietor  
MEM REGN No. 206233

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- i) In respect of the fixed assets of the Holding Companies and subsidiary Companies
  - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Fixed assets were physically verified during the year by the Management of the respective entities in a phased periodical manner which, in our opinion and the opinion of the other auditors, is reasonable. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verification.
- ii) In respect of the inventories of the Holding Companies and subsidiary Companies.
  - (a) As explained to us and the other auditors, the inventories were physically verified during the year by the management of the respective entities at reasonable intervals.
  - (b) In our Opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Procedures of Physical verification of inventories followed by the management of the respective entities were reasonable and adequate in relation to the size of the Company and nature of their business.
  - (c) In our Opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification
- iii) The Holding Company and subsidiary Companies have granted loans to its subsidiaries covered in the register maintained under section 189 of the act ('the act')
  - (a) The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly paragraph 3(ii)(b) of the order is not applicable to the Company in respect of repayment of the principal amount
  - (b) There are no overdue amounts of more than Rupees one lakh in respect of the loans granted to the body corporates listed in the register maintained under section 189 of the act.
- iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system in the Holding Company and its subsidiary Companies, commensurate with the size of the respective entities and the nature of their business for the Purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we and the other auditors have not observed any continuing failure to correct major weaknesses in such internal control system.
- v) According to the information and explanations given to us and the other auditors, the holding Company and its subsidiary Companies have not accepted any deposit from the public. Accordingly the provisions of clause 3(v) of the Order are not applicable to the Group
- vi) The central government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013 to the Group. Accordingly the provisions of clause 3(vi) of the Order are not applicable to the Group
- vii) In respect of statutory dues
  - (a) According to us and the other auditors and according to the records of the Holding Company and its subsidiary Companies, undisputed statutory dues including Provident fund, Employees State

Insurance, Income tax, Sales tax, Wealth Tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other statutory dues applicable, have been regularly deposited with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2015 for a period of more than six months from the date of becoming payable .

- (b) There were no amounts in Holding company and subsidiary Companies which were Required to be transferred during the year to the Investor Education and protection Fund under the provisions of the Companies Act, 1956 and rules made there under.
- viii) The accumulated losses of the of the group at the end of the financial year is more than fifty percent of its net worth. The group has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix) In our Opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors , the Holding Company and subsidiary Companies have not defaulted in the repayment of dues to financial institutions ,bank and debenture holders.
- x) In our opinion and according to the information and explanations given to us, the Holding Company and its subsidiary Companies have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly the provisions of clause 3(x) of the Order are not applicable to the Group.
- xi) The Holding Company and its subsidiary Companies have not taken any term loans during the year. Accordingly the provisions of clause 3(xi) of the Order are not applicable to the Group.
- xii) In our opinion and according to the information and explanations given to us, no material fraud on or by the Holding Company and its subsidiary Companies has been noticed or reported during the year.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

Bengaluru  
29<sup>th</sup> May, 2015

**BIJU GEORGE, B. Sc, FCA**

Proprietor  
MEM REGN No. 206233

# KERALA AYURVEDA LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

Particulars	Note No.	As at 31st March, 2015	As at 31st March, 2014
		Amount in ₹	Amount in ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share Capital	<b>2</b>	105,556,700	105,556,700
(b) Reserves and Surplus	<b>3</b>	(196,084,337)	(209,766,348)
(c) Money Received against Share Warrants	<b>4</b>	1,432,494	1,432,494
		(89,095,143)	(102,777,154)
<b>2 Non-Current Liabilities</b>			
(a) Long-Term Borrowings	<b>5</b>	537,402,739	516,848,732
(b) Other Long-Term Liabilities	<b>6</b>	3,667,500	3,692,500
(c) Long-Term Provisions	<b>7</b>	7,853,315	8,950,532
(d) Minority Interest		12,386,997	10,792,824
		561,310,551	540,284,588
<b>3 Current liabilities</b>			
(a) Short term Borrowings	<b>8</b>	159,460,816	142,495,351
(b) Trade payables	<b>9</b>	32,175,502	30,112,062
(c) Other current liabilities	<b>10</b>	53,326,709	46,051,428
(d) Short-term Provisions	<b>11</b>	8,597,867	7,854,930
		253,560,894	226,513,771
<b>TOTAL</b>		<b>725,776,302</b>	<b>664,021,205</b>
<b>B ASSETS</b>			
<b>1 Non-Current assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	<b>12</b>	223,409,113	240,341,512
(ii) Intangible Assets		2,379,099	3,114,446
(b) Goodwill on Consolidation		102,577,168	102,577,168
(c) Non Current Investments	<b>13</b>	1,280,000	1,017,500
(d) Deferred Tax Assets (Net)		17,495,185	20,988,779
(e) Long-Term Loans and Advances	<b>14</b>	241,156,643	201,708,072
		588,297,208	569,747,476
<b>2 Current Assets</b>			
(a) Inventories	<b>15</b>	61,711,124	50,829,881
(b) Trade Receivables	<b>16</b>	37,206,002	33,998,535
(c) Cash and Cash equivalents	<b>17</b>	23,626,366	5,528,792
(d) Short-Term Loans and Advances	<b>18</b>	14,935,603	3,916,521
		137,479,094	94,273,729
<b>TOTAL</b>		<b>725,776,302</b>	<b>664,021,205</b>
<b>Significant accounting policies</b>	<b>1</b>		
See accompanying notes 1 to 35 forming part of the financial statements.			

In terms of our report attached.

### For BIJU GEORGE & CO

Chartered Accountants  
FRN: 007920S

### BIJU GEORGE, B Sc, FCA

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015

### For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED

#### RAMESH VANGAL

Chairman

#### Dr K ANILKUMAR

Executive Director

#### ANUSHA RAJESWARAN

Company Secretary

#### ARVIND AGARWAL

Chief Financial Officer

# KERALA AYURVEDA LIMITED

## CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

SL	Particulars	Note No.	For the period ended	For the period ended
			31st March, 2015	31st March, 2014
			Amount in ₹.	Amount in ₹.
1	Revenue from operations	19	414,449,960	369,977,778
	Other income	20	368,264	47,608
			414,818,224	370,025,386
	Less: Excise Duty & VAT		24,171,141	21,461,495
2	<b>Total revenue</b>		<b>390,647,083</b>	<b>348,563,891</b>
3	Expenses			
	(a) Cost of Materials consumed	21	84,008,823	76,332,912
	(b) Purchases of Medicines (Stock In Trade)	22	3,370,238	1,328,373
	(c) Changes in Inventories of FG, WIP & Stock In Trade	23	(8,961,081)	(15,966,235)
	(d) Employee benefits expense	24	128,509,958	120,167,464
	(e) Finance costs	25	17,574,195	12,480,982
	(f) Depreciation	26	11,454,466	10,977,171
	(g) Other expenses	27	124,238,338	134,124,846
	(h) (Gain)/Loss on conversion to INR		(1,291,411)	(6,255,203)
	<b>Total Expenses</b>		<b>358,903,527</b>	<b>333,190,310</b>
4	Profit / (Loss) Before Extraordinary items and Tax (2 - 3)		31,743,556	15,373,581
5	Add: Exceptional Items		-	-
6	Profit / (Loss) Before Extraordinary items and Tax(4 - 5)		31,743,556	15,373,581
7	Add: Extraordinary Items		-	2,092,665
8	Profit / (Loss) Before Tax (6+7)		31,743,556	17,466,246
9	Tax expense:			
	(a) Current tax		3,100,108	3,718,907
	(b) Deferred tax		3,493,594	4,560,490
			6,593,702	8,279,397
10	Profit / (Loss) for the period (8-9)		25,149,854	9,186,849
11	Less: Minority interest		1,594,173	1,746,589
12	Profit / (Loss) for the year after Minority Interest (10 - 11)		23,555,681	7,440,260
13	Loss Brought forward		(329,190,203)	(336,630,463)
14	Loss Carried forward		(305,634,522)	(329,190,203)
15	Earnings/(Loss) Per Equity Share			
	Basic & diluted [Nominal value of shares Rs. 10/- each]		2.38	0.87
	Significant Accounting Policies See accompanying notes 1 to 35 forming part of the financial statements.	1		

In terms of our report attached.

### For BIJU GEORGE & CO

Chartered Accountants  
FRN: 007920S

### BIJU GEORGE, B Sc, FCA

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015

### For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED

**RAMESH VANGAL**  
Chairman

**Dr K ANILKUMAR**  
Executive Director

**ANUSHA RAJESWARAN**  
Company Secretary

**ARVIND AGARWAL**  
Chief Financial Officer



**KERALA AYURVEDA LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015**

Particulars	For the year	For the year
	Ended 31st March, 2015	Ended 31st March, 2014
	Amt in ₹	Amt in ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax and Interest	49,317,751	29,947,228
<b>Adjustment for:</b>		
Interest Received	(366,014)	(37,858)
Dividend Received	(2,250)	(9,750)
Depreciation	10,601,840	9,639,209
Miscellaneous Expenditure & Deferred Exp W /off	852,626	1,337,962
Deferred Expenditure Goodwill & Patent	(117,279)	(944,897)
Long term Capital gain on Compulsory acquisition of land	-	(2,092,665)
(Profit)/Loss on sale of fixed assets	(61,099)	15,975
<b>Operating profit before working capital changes</b>	<b>60,225,575</b>	<b>37,855,204</b>
<b>Adjustments for:</b>		
Trade receivables	(3,207,467)	5,757,821
Inventories	(10,881,242)	(14,492,650)
Short Term loans and advances	(11,019,082)	360,235
Long Term loans and advances	(39,448,571)	(31,226,402)
Long Term Provisions	(1,097,217)	800,669
Other Long Term Liabilities	(25,000)	727,000
Trade Payables	2,063,440	4,138,741
Other Current Liabilities	7,275,281	(3,051,031)
Short Term Provisions	742,937	2,388,632
<b>Cash generated from operations</b>	<b>(55,596,921)</b>	<b>(34,596,985)</b>
Direct taxes paid	(3,100,108)	(3,718,907)
Net cash from operating activities	1,528,546	(460,689)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(3,740,810)	(13,419,815)
Sale of fixed assets	258,796	2,100,365
Investment	(262,500)	(4,546)
Dividend Received	2,250	9,750
Interest Received	366,014	37,858
Net cash used in Investing activities	(3,376,250)	(11,276,388)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment (-)/ Proceeds(+) of Secured Loans		
Repayment (-)/ Proceeds(+) of UnSecured Loans	20,554,007	(73,464,890)
Net Increase/(Decrease) in Working Capital Borrowings	16,965,465	92,424,753
Finance Cost	(17,574,195)	(12,480,982)
Net cash from financing activities	19,945,277	6,478,881
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>18,097,573</b>	<b>(5,258,197)</b>
Cash & Cash Equivalents at Beginning of year	5,528,792	10,786,989
Cash & Cash Equivalents at End of year	23,626,366	5,528,792
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>18,097,574</b>	<b>(5,258,197)</b>

In terms of our report attached.

**For BIJU GEORGE & CO**

Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B Sc, FCA**

Proprietor  
MEM REGN No. 206233

Bengaluru  
29<sup>th</sup> May, 2015

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

**RAMESH VANGAL**  
Chairman

**Dr K ANILKUMAR**  
Executive Director

**ANUSHA RAJESWARAN**  
Company Secretary

**ARVIND AGARWAL**  
Chief Financial Officer

# KERALA AYURVEDA LIMITED

## Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

### Note 1-Significant Accounting Policies

#### 1.1 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.

#### 1.2 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\$= Rs62.5908 and 1 Singapore \$= Rs 45.4985.

#### 1.3 Fixed Assets

- Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
- Depreciation on all other fixed assets is provided based on the useful lives of the asset as prescribed under Schedule II of the Companies Act 2013, wherever applicable. Depreciation on additions has been calculated on prorata basis.

Assets	Useful Life in years (Schedule II)
Land	Nil
Building	30
Office Equipments	5
Computers & Peripherals	3
Vehicles	8
Furniture & Fittings	10

#### 1.4 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.

#### 1.5 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.

#### 1.6 Goodwill

Goodwill 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. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

#### 1.7 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.

#### 1.8 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

#### 1.9 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.

#### 1.10 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.

#### 1.11 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.

#### 1.12 Investments

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

#### 1.13 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.

#### 1.14 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.

#### 1.15 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.

#### 1.16 Earnings Per Share

The basic and diluted earnings per share (E P S) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

# KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note NO	Particulars	As at 31st March, 2015		As at 31st March, 2014	
		Number of shares	In ₹	Number of shares	In ₹
2	<b>Share capital</b>				
	(a) Authorised Capital				
	Equity shares of ₹ 10/- each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
	(b) Issued Capital				
	Equity shares of ₹ 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
	(c) Subscribed and fully paid up				
	Equity shares of ₹ 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
	<b>Total</b>	<b>10,555,670</b>	<b>105,556,700</b>	<b>10,555,670</b>	<b>105,556,700</b>

**Notes:**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity shares with voting rights				
Year ended 31st March, 2015	10,555,670	-	-	10,555,670
- Number of shares	105,556,700	-	-	105,556,700
- Amount (In ₹.)				
Year ended 31st March, 2014				
- Number of shares	10,555,670	-	-	10,555,670
- Amount (In ₹.)	105,556,700	-	-	105,556,700

(ii) Rights, Preferences and restrictions attached to Equity Shares:

The Company has one class of equity shares, having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company in proportion to their share holding.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights Katra Holdings Ltd	6,493,435	61.52%	6,493,435	61.52%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights-No of Shares			
	Opening Balance	Fresh issue	Buy back	Closing Balance
<b>As at 31st March, 2015</b>				
M/s Katra Holdings Ltd, the holding company	6,493,435	-	-	6,493,435
<b>As at 31st March, 2014</b>				
M/s Katra Holdings Ltd, the holding company	6,493,435	-	-	6,493,435

**KERALA AYURVEDA LIMITED**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015	As at 31st March, 2014
		Amount in ₹	Amount in ₹
<b>3</b>	<b><u>Reserves and Surplus</u></b>		
	Capital Reserve	3,110,879	3,110,879
	Share Premium	114,514,976	114,514,976
	General reserve	1,798,000	1,798,000
	Surplus / (Deficit) in Statement of Profit and Loss		
	At the commencement of the year	(329,190,203)	(336,630,463)
	Add: Profit for the year	23,555,682	7,440,260
	Less: Carrying amounts of Fixed Assets debited to retained earnings where remaining useful life of the Asset is NIL as on 1st April 2014	(9,873,671)	-
	Net Surplus / (Deficit) in the Statement of Profit and Loss	(315,508,192)	(329,190,203)
	<b>Total</b>	<b>(196,084,337)</b>	<b>(209,766,348)</b>
<b>4</b>	<b><u>Money Received against Share warrants</u></b>		
	Warrant Application Money	1,494	1,494
	Share Warrant Application Money Forfeited	1,431,000	1,431,000
	<b>Total</b>	<b>1,432,494</b>	<b>1,432,494</b>
<b>5</b>	<b><u>Long-term borrowings</u></b>		
	(a) Term loans from banks:		
	Secured		9,528,637
	(b) From Others		
	Unsecured		
	Hire Purchase Loan	1,490,681	1,280,542
	(b) Loans and advances from related parties		
	Unsecured		
	From Share Holders		70,183
	From Group Companies		
	Katra Holding Pvt Ltd	510,673,042	481,734,821
	Katra Finance Limited, Mauritius	24,613,108	23,633,551
	Other Loans	625,908	600,998
	<b>Total</b>	<b>537,402,739</b>	<b>516,848,732</b>
	Note: Car loans are secured by hypothecation of respective vehicle		
<b>6</b>	<b><u>Other Long-Term Liabilities</u></b>		
	Deposits Received from Business associates	3,667,500	3,692,500
	<b>Total</b>	<b>3,667,500</b>	<b>3,692,500</b>
<b>7</b>	<b><u>Long-term Provisions</u></b>		
	Provision for Gratuity	-	8,950,532
	<b>Total</b>	<b>7,853,315</b>	<b>8,950,532</b>
<b>8</b>	<b><u>Short Term Borrowings</u></b>		
	<b>Secured loan repayable on demand</b>		
	Kotak Mahindra Bank-Ernakulam (OD) by KAL	16,518,339	7,049,272
	Kotak Mahindra Bank-Bangalore (OD) by KAL	58,618,722	50,487,226
	Kotak Mahindra Bank-Bangalore (OD) by Ayurvedagram	14,323,755	14,729,538
	Kotak Mahindra Bank Short Term Loan	20,000,000	20,229,315
	(Credit Facilities from Kotak Mahindra Bank are secured Against exclusive charge on entire current assets of the Company both present and future, Collateral in the form of equitable mortgage of land belonging to the Company in Kalloor Thekkummuri Village, Trichur District and mortgage of land belonging to Chairman situated at Bengaluru and personal guarantee of Chairman )		
	<b>Secured loan repayable on demand</b>		
	ICD from Tata Global Beverages Limited	50,000,000	50,000,000
	( Ext of 2 Acres and 4 Guntas of land bearing Survey no 49 of Sonnapanahalli Village, Doddaballapur Taluk, Bengaluru belong to Arudrama )		
	<b>Total</b>	<b>159,460,816</b>	<b>142,495,351</b>

**KERALA AYURVEDA LIMITED**

 Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015 Amount in ₹	As at 31st March, 2014 Amount in ₹
9	<b><u>Trade Payables</u></b>	-	
	Sundry Creditors- Mfgs.	12,932,637	11,359,769
	Sundry Creditors- Others	19,242,865	18,752,293
	<b>Total</b>	<b>32,175,502</b>	<b>30,112,062</b>
10	<b><u>Other current liabilities</u></b>	-	
	(a) Other payables		
	Advances from Customers	23,845,383	12,347,564
	Statutory Liabilities	3,259,259	2,668,029
	Accrued Employee Liabilities	16,702,943	10,853,264
	Rent Payable	3,779,600	3,602,148
	Loans Repayable within One year	3,325,207	14,180,198
	Other Current Liabilities	2,414,317	2,400,225
	<b>Total</b>	<b>53,326,709</b>	<b>46,051,428</b>
11	<b><u>Short-term provisions</u></b>	-	
	(a) Provision - Others:		
	Bonus Payable	4,008,369	3,383,604
	Privilege Leave Encashment Payable	519,051	769,925
	Provision for Taxation	4,070,447	3,701,401
	<b>Total</b>	<b>8,597,867</b>	<b>7,854,930</b>
13	<b><u>Non Current Investments</u></b>		
	<b>In Subsidiary Companies</b>		
	<b>Non Trade</b>		
	(Quoted, At cost)		
	500 equity shares of ₹ 10 each fully paid up in Canara Bank Ltd(Quoted) Market Value ₹ 367.90 last Year ₹ 264.35 per share	17,500	17,500
	(Unquoted, At cost)		
	100 Equity Shares of ₹10000/- each in Confederation for Ayurvedic Renaissance Keralam Pvt Ltd	1,000,000	1,000,000
	Share application money in Confederation for Ayurvedic Renaissance Keralam Pvt Ltd	262,500	
	<b>Total</b>	<b>1,280,000</b>	<b>1,017,500</b>
14	<b><u>Long-Term loans and advances</u></b>	-	
	(Unsecured, considered good unless otherwise stated)	-	
	Deposits with Govt. Authorities	889,171	1,260,192
	Deposits with others	8,715,085	8,793,151
	Income Tax advance	7,213,785	7,179,755
	Project Expenses	44,978,253	35,782,430
	Capital Advance	30,420,228	30,420,228
	WMP Nurse Training Deferred	32,383,402	32,383,402
	MAT credit entitlement	180,226	1,782,233
	Loans to Group Companies	116,376,493	84,106,681
	<b>Total</b>	<b>241,156,643</b>	<b>201,708,072</b>

**KERALA AYURVEDA LIMITED**  
**Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2015**

Amount in ₹ Lacs

## Note 12 Fixed Assets

Tangible Assets	Gross Block					Depreciation					Net Block		
	Balance as at 1st April 2014	Addition	Disposals	effect of foreign currency exchange differences	Balance as at 31st March 2015	Balance as at 1st April 2014	For the year	Prior Period Depreciation	effect of foreign currency exchange differences	Deduction	Balance as on 31st March 2015	Balance as at 31st March 2015	Balance as at 31st March 2014
Land	122,018,671	-	-	-	122,018,671	-	-	-	-	-	-	122,018,671	122,018,671
Building	117,447,632	753,201	-	-	118,200,833	45,242,141	3,941,004	305,665	-	-	49,488,810	68,712,023	72,205,491
Building Lease hold	2,809,455	-	-	368,101	2,441,354	2,809,455	-	-	368,101	-	2,441,354	-	-
Plant & Machinery	37,911,764	39,183	1,200	-	37,949,747	20,423,076	1,949,437	2,486,419	994	994	24,857,938	13,091,809	17,488,688
Electrical fittings	4,695,306	123,487	5,730	-	4,813,063	2,888,287	210,519	491,366	-	4,635	3,585,537	1,227,526	1,807,019
Furniture & Fixtures	36,120,326	108,785	26,450	147,257	36,055,404	20,866,727	2,284,684	3,618,001	141,631	9,848	26,617,932	9,437,472	15,253,599
Office equipments	15,393,439	1,055,077	-	94,764	16,353,732	11,283,786	802,371	2,349,068	71,412	-	14,363,813	1,989,940	4,109,653
Computer & Accessories	10,314,719	282,813	-	75,540	10,521,992	8,709,843	730,428	342,152	64,709	-	9,717,714	804,278	1,604,876
Vehicles	5,063,461	1,378,264	836,266	-	5,605,459	1,664,571	666,677	164,347	-	656,468	1,839,127	3,766,332	3,398,890
Misc fixed assets	2,494,435	-	-	-	2,494,435	-	16,720	116,652	-	-	133,372	2,361,063	2,494,435
<b>TOTAL</b>	<b>354,269,208</b>	<b>3,740,810</b>	<b>869,646</b>	<b>685,662</b>	<b>356,454,710</b>	<b>113,887,886</b>	<b>10,601,840</b>	<b>9,873,671</b>	<b>645,854</b>	<b>671,945</b>	<b>133,045,597</b>	<b>223,409,113</b>	<b>240,381,322</b>
Previous Year	340,676,586	13,419,817	35,450	477,403	353,583,550	104,058,350	9,639,209	-	443,747	11,775	113,242,037	240,341,512	236,584,578

## KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Note	Particulars	As at 31st March, 2015 Amount in ₹	As at 31st March, 2014 Amount in ₹
15	<b><u>Inventories</u></b> (Inventory as taken, valued and certified by the management) (At lower of cost and net realisable value)		
	Finished Goods	33,088,089	32,779,440
	Goods in transit	1,134,468	158,245
	Furnace Oil	450,625	362,736
	Packing Material	2,432,082	2,030,210
	Raw Material	6,898,230	5,028,009
	Stores & Spares	83,509	118,358
	Work in Progress	17,624,121	10,352,883
	<b>Total</b>	<b>61,711,124</b>	<b>50,829,881</b>
16	<b><u>Trade receivables</u></b> (Unsecured, considered good unless otherwise stated)		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	2,271,385	2,274,155
	Other Trade receivables	34,934,617	31,724,380
	<b>Total</b>	<b>37,206,002</b>	<b>33,998,535</b>
	Note: Trade receivables include debts due from:		
	Directors *	NIL	NIL
	Other officers of the Company *	NIL	NIL
	Firms in which any director is a partner	NIL	NIL
	Private companies in which any director is a director or member	NIL	NIL
17	<b><u>Cash and cash equivalents</u></b>		
	(a) Cash on hand	4,449,390	867,088
	(b) Cheques, drafts on hand	1,314,149	1,344,654
	(c) Balances with banks		
	(i) In Current accounts	16,973,629	2,065,028
	(ii) In Deposit accounts		
	Bank Deposits with original maturity for more than 12 months	561,886	777,341
	(d) Credit Card Collection due	327,312	474,680
	<b>Total</b>	<b>23,626,366</b>	<b>5,528,792</b>
	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is Rs 17161541 (Previous Year Rs 1817299/-)		
18	<b><u>Short-term loans and advances</u></b> (Unsecured, considered good unless otherwise stated)		
	Advance for Purchase	7,310,921	486,197
	Other Advances	7,281,377	3,163,164
	Prepaid expense	343,305	267,160
	<b>Total</b>	<b>14,935,603</b>	<b>3,916,521</b>



**KERALA AYURVEDA LIMITED**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Notes	Particulars	For the period ended 31st March, 2015	For the period ended 31st March, 2014
		Amount in ₹	Amount in ₹
19	<b>Revenue from Operations</b>		
	(a) Sale of products	242,722,467	225,139,379
	(b) Sale of services	171,727,493	144,838,398
	<b>Total</b>	<b>414,449,960</b>	<b>369,977,778</b>
	<b>(i) Sale of products comprises:</b>		
	Sale of Ayurvedic Medicine	242,722,467	225,139,379
	<b>Total</b>	<b>242,722,467</b>	<b>225,139,379</b>
	<b>(ii) Sale of services comprises:</b>		
	Treatment Income	114,410,479	94,042,144
	Training Income	47,844,701	43,975,481
	Registration Fees	2,993,789	2,572,243
	Other Operational Income	6,478,523	4,248,530
<b>Total</b>	<b>171,727,493</b>	<b>144,838,398</b>	
20	<b>Other Income</b>		
	Interest Received	366,014	37,858
	Dividend Income	2,250	9,750
	<b>Total</b>	<b>368,264</b>	<b>47,608</b>
21	<b>Cost of materials consumed</b>		
	<b>Raw Material</b>		
	Opening stock	5,028,009	6,662,371
	Add: Purchases	68,030,345	57,919,579
	Less: Closing stock	6,898,230	5,028,009
	<b>(A)</b>	<b>66,160,125</b>	<b>59,553,942</b>
	<b>Packing Material</b>		
	Opening Stock	2,030,210	2,130,605
	Add: Purchase	18,250,570	16,678,576
	Less: Closing Stock	2,432,082	2,030,210
<b>(B)</b>	<b>17,848,698</b>	<b>16,778,971</b>	
<b>Cost of material consumed(A+B)</b>	<b>84,008,823</b>	<b>76,332,912</b>	
22	<b>Purchase of Stock In Trade</b>		
	Purchase of Medicines	3,370,238	1,328,373
	<b>Total</b>	<b>3,370,238</b>	<b>1,328,373</b>
23	<b>Changes in inventories of stock of F G, WIP &amp; Stock in trade</b>		
	<u>Inventories at the end of the year:</u>		
	Stock of FG,WIP & Stock in Trade	49,116,236	40,155,155
	<b>49,116,236</b>	<b>40,155,155</b>	
	<u>Inventories at the beginning of the year:</u>		
	Stock of FG,WIP & Stock in Trade	40,155,155	24,188,920
<b>40,155,155</b>	<b>24,188,920</b>		
<b>Net (increase) / decrease</b>	<b>(8,961,081)</b>	<b>(15,966,235)</b>	

**KERALA AYURVEDA LIMITED**Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Notes	Particulars	For the period ended	For the period ended
		31st March, 2015	31st March, 2014
		Amount in ₹	Amount in ₹
<b>24</b>	<b><u>Employee benefits expense</u></b>		
	Salaries and wages	111,984,719	107,456,907
	Contributions to provident funds	6,502,129	5,514,569
	Staff welfare expenses	10,023,110	7,195,987
	<b>Total</b>	<b>128,509,958</b>	<b>120,167,464</b>
<b>25</b>	<b><u>Finance costs</u></b>		
	(a) Interest expense on:		
	(i) Borrowings	15,017,453	8,447,157
	(ii) Others	-	-
	- Bank Charges	1,200,359	3,010,423
	- Other Interest	1,356,383	1,023,403
	<b>Total</b>	<b>17,574,195</b>	<b>12,480,982</b>
<b>26</b>	<b><u>Depreciation expense</u></b>		
	Depreciation	10,601,840	9,639,209
	Amortisation of Goodwill & Project Expenses	852,626	1,337,962
	<b>Total</b>	<b>11,454,466</b>	<b>10,977,171</b>
<b>27</b>	<b><u>Other expenses</u></b>		
	Rent	16,499,623	16,398,750
	Rates and Taxes	2,271,597	1,728,155
	Legal & Professional charges	7,665,054	4,817,154
	Directors Sitting Fee	205,000	205,000
	Research and Development Expenses	772,094	464,036
	Travelling -Others	2,642,529	3,406,578
	Loss on sale of fixed Asset	10,608	18,675
	Publication Expenses	125,935	245,744
	Repairs & Maintenance- Others	3,407,473	2,948,514
	Vehicle Maintenance	247,053	202,581
	Insurance	455,692	329,580
	Printing & Stationery	1,259,956	1,495,056
	Postage & Telephone	2,816,604	2,610,784
	Secretarial Expenses	876,524	707,097
	Repairs & Maintenance Branch assets	1,476,880	2,451,308
	Conveyance Expenses	908,147	729,410
	Canteen Expenses	1,995,611	1,407,426
	Bad Debts W/Off	-	2,098,400
	Electricity charges (Branches/Depot)	2,976,516	1,764,123
	Other Administrative Expenses	8,463,496	10,429,944
	Audit fee	299,870	245,180
	Travelling -Sales Staff	7,389,056	7,238,631
	Advertisements	772,514	1,674,347
	Commission & Discount	11,923,882	13,989,418
	Training Expenses	9,915,920	5,986,331
	Freight Outward	5,105,261	4,068,173
	Sales promotion exp	3,717,833	2,943,153
	Other Selling & Distribution Expenses	1,239,818	11,849,639
	Fuel Consumed	4,328,308	9,851,378
	Electricity charges	1,205,166	2,236,181
	Repairs to Plant & Machinery	476,303	1,126,433
	Repairs to Building	2,018,176	1,606,263
	Job Works	12,063,917	5,493,843
	Other Manufacturing Expenses	2,344,240	1,984,775
	Cultivation Expenses	202,832	393,431
	Treatment Expenses	6,105,024	7,075,756
	Computer & Internet Expenses	53,828	1,903,603
	<b>Total</b>	<b>124,238,338</b>	<b>134,124,846</b>
	(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
	As auditors - Statutory audit & Tax Audit	196,180	181,180
	For company law matters	76,090	44,000
	Reimbursement of expenses	27,600	20,000
	<b>Total</b>	<b>299,870</b>	<b>245,180</b>

# KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

28	<b>Consolidation</b>			
a. Nutraveda Pte Ltd incorporated in Singapore on 29 <sup>th</sup> June 2009 is yet to commence business.				
b. Details of Subsidiaries				
<b>Name of the company</b>		<b>Country of Inc.</b>	<b>% of Voting Power</b>	<b>Financial year</b>
Ayurvedagram Heritage Wellness Center Pvt Ltd		India	74%	April-March
Ayu Natural Medicine Clinic, PS.		USA	100%	April-March
Ayurvedic Academy INC.		USA	100%	April-March
Nutraveda INC.		USA	100%	April-March
CMS Katra Holdings LLC *		USA	81.67%	April-March
CMS Katra Nursing LLC		USA	100%	April-March
Nutraveda Pte Ltd		Singapore	100%	April-March
* CMS KatraNursing LLC, is a step down Wholly owned subsidiary of the company where CMS Katra Holdings LLC holds 51% voting power and 49% is held thru Ayu Inc.				
Principles of consolidation				
1. The consolidated financial statement is based on the audited financial statements of the subsidiaries for their respective financial years.				
2. 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.				
3. Minority interest in the net income and net assets of the consolidated financial statements are computed separately.				
29	<b>Related party transactions</b>			
<b>Details of related parties:</b>				
<b>Description of relationship</b>		<b>Names of related parties</b>		
Holding Company		Katra Holdings Ltd, Mauritius		
Companies where Director is having control/significant influence		All Seasons Herbs Pvt. Ltd.		
		Ayusante Lifecare India Pvt Ltd		
		Confederation for Ayurvedic Renaissance-Keralam Ltd		
		KAL Ayurveda Research & Education Foundation		
		Katra Holding Pvt. Ltd.		
		Katra Phytochem India Pvt. Ltd.		
		Mason & Summers Leisure Pvt. Ltd.		
		Katra Finance Ltd, Mauritius		
Director/Key Managerial Person		Dr K Anil Kumar, Whole time Director		
		Mr S.Krishnamurthy, Independent Director		
		Dr. K.Rajagopalan, Independent Director		
		Mr M.S.Seetharaman, Additional Independent Director		
		Mr Arvind Agarwal , CFO		
		Mr K. Raghunadhan, Company Secretary		
		Ms Anusha Rajeswaran, Company Secretary		
		Mr. M.C.Mohan, Independent Director		
Relative of key Managerial Person		Mrs Sunitha Anilkumar		
		Mrs Chithra Gopinath		
Note: Related parties have been identified by the Management.				

In terms of our report attached.

**For BIJU GEORGE & CO**  
Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B.Sc, FCA**  
Proprietor -  
MEM REGN No. 206233  
Bengaluru  
29<sup>th</sup> May, 2015

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

**RAMESH VANGAL**  
Chairman

**ANUSHA RAJESWARAN**  
Company Secretary

**Dr K ANILKUMAR**  
Executive Director

**ARVIND AGARWAL**  
Chief Financial Officer

## KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:			
Particulars	31st March, 2015	31st March, 2014	
Purchase of Raw Materials- All Season Herbs Pvt Ltd	3,717,862	5,765,008	
Purchase of Raw Materials- Confederation for Ayurvedic Renaissance-Keralam Ltd	1,639,389	2,057,237	
Rendering of services- Mason & Summers Leisure P Ltd	298,795	560,207	
Rent Paid-Sunitha Anil Kumar	157,500	150,000	
Rent Paid-Chithra Gopinath	605,000	1,200,000	
Managerial Remuneration-Dr K Anilkumar	3,000,000	3,000,000	
Remuneration paid to Mr Arvind Agarwal , CFO	2,568,472	2,035,652	
Remuneration paid to Mr K. Raghunadhan, Company Secretary up to 10/02 /2015	609,836	712,800	
Remuneration paid to Ms Anusha Rajeswaran, Company Secretary w.e.f 10/02/2015	101,561	-	
Sitting fees paid to Directors	205,000	190,000	
Reimbursement of Expenses by Ayusante Lifecare India Pvt Ltd	1,302,500	655,079	
Reimbursement of Expenses by Katra Holding Pvt Ltd	3,314	1,108,011	
Loans from Katra Holding Pvt Ltd	28,938,221	(89,584,991)	
Loan to Katra Finance Ltd, Mauritius	32,269,812	14,027,886	
Borrowings from Katra Finance Ltd, Mauritius	979,557	23,633,551	
<b><u>Balances outstanding at the end of the year</u></b>			
Borrowings- from M C Mohan	625,908	600,998	
Loan to Katra Finance Ltd, Mauritius	91,763,385	60,473,130	
Borrowings- from Katra Holding Pvt Ltd	510,673,042	481,734,821	
<b>30 Contingent Liabilities</b>			
Particulars			
I. The company has given a bank guarantee of ₹.1,000,000/- to Health & Family Welfare Dept, Government of Kerala towards security deposit for giving permission to start one year para medical certificate course in Ayurveda Therapy.			
II. The company has given a bank guarantee of ₹.500,000/- to The Registrar, Banaras Hindu University towards security deposit for setting up Kerala Ayurveda Panchakarma Center at S S Hospital under BHU.			
III. The company has given a bank guarantee of ₹.90,000/- to Commissioner, Delhi Value Added Tax towards VAT registration at Delhi			
IV. The company has given a bank guarantee of ₹.50,000/- to Commissioner, Delhi Value Added Tax towards F Form.			
V. The company has given a bank guarantee of ₹25,000/- to CTO ,Madanapally, Andhra Pradesh Value Added Tax towards CST registration .			
<b>31 Deferred tax assets/ (liabilities)</b>			
Particulars	As at 31st March, 2014	Movement	As at 31st March, 2015
Book/Tax depreciation difference	(14,662,113)	(1,904,817)	(12,757,296)
Provision for Gratuity	2,920,047	339,040	2,581,007
Carry forward of business Loss	15,625,022	5,059,371	10,565,651
Unabsorbed Depreciation Carried forward	17,105,823	-	17,105,823
<b>Total deferred tax liability</b>	<b>20,988,779</b>	<b>3,493,594</b>	<b>17,495,185</b>

## KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

32	Earnings/ (Loss ) per share :		
	Particulars	31st March, 2015	31st March, 2014
	Net Profit /(Loss ) after Tax	25,149,854	9,186,849
	Weighted Average Number of Shares outstanding during the year	10,555,670	10,555,670
	Earnings/ (Loss) Per Share (₹.)	2.38	0.87
	Nominal Value of Shares (₹.)	10.00	10.00
33	Segment results: The company is primarily engaged in Ayurvedic services and products. Accordingly there is no separate reportable segment in accordance with AS 17-Segment reporting prescribed under the Companies (Accounting Standards) Rules 2006.		
34	Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year classification/Disclosure.		
35	During the year, the company has changed the depreciation policy as per the Schedule II of the the Companies Act 2013 and depreciation is provided over the useful life of the asset. Prior to the this, the company was following SLM method as per the Companies Act 1956. Due to the change in policy, the depreciation of ₹.98,73,671/- has been adjusted to the opening retained earnings.		

In terms of our report attached.

**For BIJU GEORGE & CO**  
Chartered Accountants  
FRN: 007920S

**BIJU GEORGE, B.Sc, FCA**  
Proprietor -  
MEM REGN No. 206233  
Bengaluru  
29<sup>th</sup> May, 2015

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

**RAMESH VANGAL**  
Chairman

**ANUSHA RAJESWARAN**  
Company Secretary

**Dr K ANILKUMAR**  
Executive Director

**ARVIND AGARWAL**  
Chief Financial Officer

**KERALA AYURVEDA LIMITED**  
**LIST OF HOSPITALS, TREATMENT CENTRES, CLINICS, DEPOTS, ACADEMY & HEALTH RESORT**

<u>HOSPITALS: IN KERALA</u>	<u>ACADEMY</u>	<u>HEALTH RESORT</u>
<p>THE HEALTH VILLAGE            KERALA AYURVEDA HOSPITAL            MONASTERY LANE. A M ROAD  <b>ALUVA</b> 683101            ERNAKULAM DIST.            PH: 0484 2626119,2626966</p> <p>KERALA AYURVEDA HOSPITAL            KAMATH HOSPITAL WING            NEAR NEW BUS STAND            MANGALORE ROAD,  <b>KASARGODE</b>-671 121.            PH: 0499-4222519</p> <p><u>TREATMENT CENTRES-IN KERALA</u></p> <p>KERALA AYURVEDA WELLNESS CENTER            OLD WARRIAM ROAD EAST            A.M.THOMAS ROAD,  <b>ERNAKULAM</b>-682 016.            PH: 0484-2375292, 2378198</p> <p>KERALA AYURVEDA WELLNESS CENTER            XXVII/478, THEJUS,            OPP NANDILATH G MART, TOLL JN,  <b>EDAPALLY</b>, ERNAKULAM-682 016.            PH: 0484-2557244</p> <p>KERALA AYURVEDA WELLNESS CENTER &amp;            THE HEALTH VILLAGE OPD            ZEEN, AMC VIII/73,            BANK ROAD,<b>ALUVA</b> 683101            PH:0484- 3221365,0484-2623578</p> <p><u>CLINICS IN KERALA</u></p> <p>KERALA AYURVEDA CLINIC            KOTTAKKAL BLDG, PREMIER JUNCTION,  <b>KALAMASSERY</b>-683104.            ERNAKULAM DIST            PH: 0484-2556770</p> <p>KERALA AYURVEDA CLINIC            FACT EMPLOYEES BUILDING  <b>UDYOGAMANDAL</b>,            ERNAKULAM DIST-683 501            PH: 0484-2546313</p> <p>KERALA AYURVEDA CLINIC            SOUTH NADA P.O,  <b>VAIKOM</b>, KOTTAYAM DIST-682 041            PH: 04829-215043</p> <p>KERALA AYURVEDA CLINIC            SHOP NO.37/421            S.N.JUNCTION,  <b>PALARIVATTOM</b>, ERNAKULAM-682205            PH: 0484-2344414</p> <p><u>CLINICS OUTSIDE KERALA</u></p> <p>KARNATAKA:</p> <p>KERALA AYURVEDA CLINIC            12, BOWRING HOSPITAL ROAD,  <b>SHIVAJI NAGAR</b>, BANGALORE-560 001.            PH: 080-25591825</p> <p>KERALA AYURVEDA CLINIC            NO.285. WHITEFIELD MAIN ROAD,            OPP STATE BANK OF MYSORE,  <b>WHITEFIELD</b>, BANGALORE-560 065.            PH: 080-28456212</p> <p>MAHARASHTRA:</p> <p>KERALA AYURVEDA CLINIC            DISPENSARY COMPLEX,            SNMS AYURVEDA DISPENSARY,            3 &amp; 4, PROJECT COLONY,  <b>TARAPUR</b>, TAPP P.O-401 504.            PH: 02525-263823</p>	<p>KERALA AYURVEDA ACADEMY            MONASTERY LANE. A M ROAD            ALUVA - 683 101.            PH: 0484-2628707</p> <p><u>TREATMENT CENTRES-OUTSIDE KERALA</u>            KERALA AYURVEDA WELLNESS CENTER            AD 20(PLOT NO.3337)            5th AVENUE, ANNA NAGAR,  <b>CHENNAI</b>-600 040. TAMIL NADU            PH: 044-26214903</p> <p>KERALA AYURVEDA WELLNESS CENTER            No 3282, 12TH MAIN,            HAL IIND STAGE,  <b>INDIRA NAGAR</b>,            BANGALORE-560 038. KARNATAKA            PH: 080-25262515,</p> <p>KERALA AYURVEDA WELLNESS CENTER            #400, 18<sup>TH</sup> MAIN, 6<sup>TH</sup> BLOCK,  <b>KORAMANGALA</b>,            BANGALORE-560 095., KARNATAKA            PH: 080-41699699</p> <p>KERALA AYURVEDA WELLNESS CENTER            No.15,SWATHI, 80FT ROAD,            HMT LAYOUT,  <b>R T NAGAR</b>,            BANGALORE-560 032. KARNATAKA            PH: 080-23339455</p> <p>KERALA AYURVEDA WELLNESS CENTER            6-3-0906/B/1, SOMAJIGUDA            NEAR YASODA SPECIALITY HOSPITAL  <b>HYDERABAD</b>-500 082.            ANDHRA PRADESH            PH: 040-66613357</p> <p>KERALA AYURVEDA PANCHAKARMA            CENTER            SIR SUNDERLAL HOSPITAL,            BANARAS HINDU UNIVERSITY,  <b>VARANASI</b>-5 , UTTAR PRADESH            PH: 0542-6540980, 9235502847</p> <p><u>FRANCHISEE WELLNESS CENTERS</u></p> <p>KERALA AYURVEDA WELLNESS CENTER            E-2, GREEN PARK EXTN,            GREEN PARK MAIN MARKET ROAD,  <b>NEW DELHI</b>-110 016. DELHI            PH: 011-41754888/41759347</p> <p>KERALA AYURVEDA WELLNESS CENTER            AAROGYAM,52,DHULESHWAR BAGH            SARDAR PATEL MARG, C-SCHEME,  <b>JAIPUR</b>- 302 001.RAJASTHAN            PH: 0141-4022422</p> <p>KERALA AYURVEDA WELLNESS CENTER            HOUSE NO 13, SECTOR 2,            TRIKUTA NAGAR,  <b>JAMMU</b>-180 012. JAMMU &amp; KASHMIR            PH: 0191-2470659, 97962-34666</p> <p><u>FRANCHISEE CLINIC- KERALA</u></p> <p>KERALA AYURVEDA CLINIC            OPP NEW KSRTC BUS STAND            FORT ROAD, <b>NORTH PARUR</b>,            ERNAKULAM DIST.            PH: 0484-2445718</p>	<p>AYURVEDAGRAM            AYURVEDAGRAM HERITAGE WELLNESS            CENTRE PVT LTD            HEMANDANAHALLI, SAMETHANHALLI POST,            VIA <b>WHITEFIELD</b>,            BANGALORE-560 067. KARNATAKA            PH: 080-27945428- 30, 65651090</p> <p>THE HEALTH VILLAGE            MONASTERY LANE. A M ROAD  <b>ALUVA</b> 683101            ERNAKULAM DIST.            PH: 0484-2625630, 2628630</p> <p><u>DEPOTS IN KERALA:</u></p> <p>KERALA AYURVEDA DEPOT            SHOP NO.2/1402,            MARKET ROAD-KARAPARAMBU  <b>CALICUT</b>(KOZHIKODE)- 680 014            PH: 9562508420</p> <p>KERALA AYURVEDA DEPOT            9/285 M, PANAYIKKULAM P O            ALANGAD, <b>ERNAKULAM</b> 683511            PH: 0484-2672730</p> <p><u>DEPOT OUTSIDE KERALA:</u></p> <p>KERALA AYURVEDA DEPOT            6-3-906/B/1, 1ST FLOOR, SOMAJIGUDA            BEHIND YASODA SPECIALITY HOSPITAL  <b>HYDERABAD</b>-500 082.            PH: 040-66613357</p> <p>KERALA AYURVEDA DEPOT            SHOP NO.6/7/8/9/10            JAI GURUDEV CO-OP.HOUSING SOCIETY            PLOT NO.106B, SECTOR NEW 50E            SEAWOOD(W)  <b>NAVI MUMBAI</b> - 400 706            PH: 022-60021021</p> <p>KERALA AYURVEDA DEPOT            PLOT NO.200/2, GROUND FLOOR            NEAR GAUTHAM APARTMENTS            GAUTHAM NAGAR  <b>NEW DELHI</b> -110049            PH:011-41618884</p> <p>KERALA AYURVEDA DEPOT            38, DEHGAM JAIN SOCIETY,            KASHIB ROAD, RANIP,  <b>AHMEDABAD</b>- 380 014            PH: 079-27540263</p> <p>KERALA AYURVEDA DEPOT            26,SRISAIRAM STREET,            PANEER NAGAR, MOGAPPAIR,  <b>CHENNAI</b>-600 037.            TAMIL NADU            PH: 044-26560217, 98844 85161</p> <p>KERALA AYURVEDA DEPOT            NO.18,TAGORE NAGAR            SBI OFFICERS III COLONY            SS COLONY-MADURAI  <b>MADURAI</b> -625 010,            TAMIL NADU            PH: 0452-2606373</p> <p>KERALA AYURVEDA DEPOT            NO.89,5TH MAIN            DR RAJKUMAR ROAD            BEHIND ABHIMANI PRAKASHANA            PRAKASH NAGAR  <b>BANGALORE</b> 560010, KARNATAKA</p> <p>KERALA AYURVEDA DEPOT            B36/9C, SANKATMOCHAN-LANKA,  <b>VARANASI-221005</b>,            UTTAR PRADESH            PH 99190-00900</p>

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**KERALA AYURVEDA LIMITED**

**Regd. Off: VII/415, Nedumbassery, Athani P.O, Aluva-683585, Kerala.**  
CIN:L24233KL1992PLC006592

**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 **Tuesday, the 29<sup>th</sup> September 2015 at 4:30 P.M at Green Park Auditorium, Desom, Aluva-683103.**

Signature of the Attending Member

Signature of the Proxy

**Notes:**

- 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.
- Shareholders/Proxy holders should bring their copy of the Annual Report for the meeting
- 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 683 585. not less than 48 hours before the commencement of the meeting.
- The registration at venue shall be from 4:00 pm to 4:30 pm strictly.

**Form No.MGT-11  
Proxy Form**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN : L24233KL1992PLC006592  
Name of the Company : KERALA AYURVEDA LIMITED  
Regd. Off: VII/415, Nedumbassery, Athani P.O, Aluva-683585, Kerala.  
Ph: 0484-2476301(4 lines) Fax: 0484-2474376  
Email: info@keralaayurveda.biz Website: www.keralaayurveda.biz

Name of the Member(s) :  
Registered Address :  
E-mail Id :  
Folio No./Client Id & DP. Id :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1.Name: .....Address:..... ..... E-mail Id: ..... Signature:..... or failing him
2.Name: .....Address:..... ..... E-mail Id: ..... Signature:..... or failing him
3.Name: .....Address:..... ..... E-mail Id: ..... Signature:..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual general meeting of the company, to be held on Tuesday the 29th day of September 2015 at 4.30 p.m.at Green Park Auditorium, Desom, Aluva-683103 and at any adjournment thereof in respect of such resolutions as are indicated below:

- |   |
|---|
| <ol style="list-style-type: none"> <li>Adoption of the Audited Financial Statements (including consolidated financial statements) of the company for the financial year ended 31<sup>st</sup> March, 2015 together with the Reports of the Board of Directors and the Auditors thereon.</li> <li>Appointment of a Director in place of Mr. A. T. Jacob, (DIN. 01663815) who retires by rotation and being eligible, offers himself for re-appointment.</li> <li>Ratification of appointment of Statutory Auditors, M/s. Biju George &amp; Co.</li> <li>Re - appointment of Dr. K Anilkumar as Whole Time Director, designated as Executive Director of the Company for a period of three years from 28<sup>th</sup> June, 2015 to 27<sup>th</sup> June, 2018 and fixing his remuneration.</li> <li>Increase in borrowing powers of the Borad of Directors of the Company u/s 180(1)(c) of the Companies Act, 2013.</li> </ol> |
|---|

Signed this .....day of.....2015

Signature of shareholder(s) .....

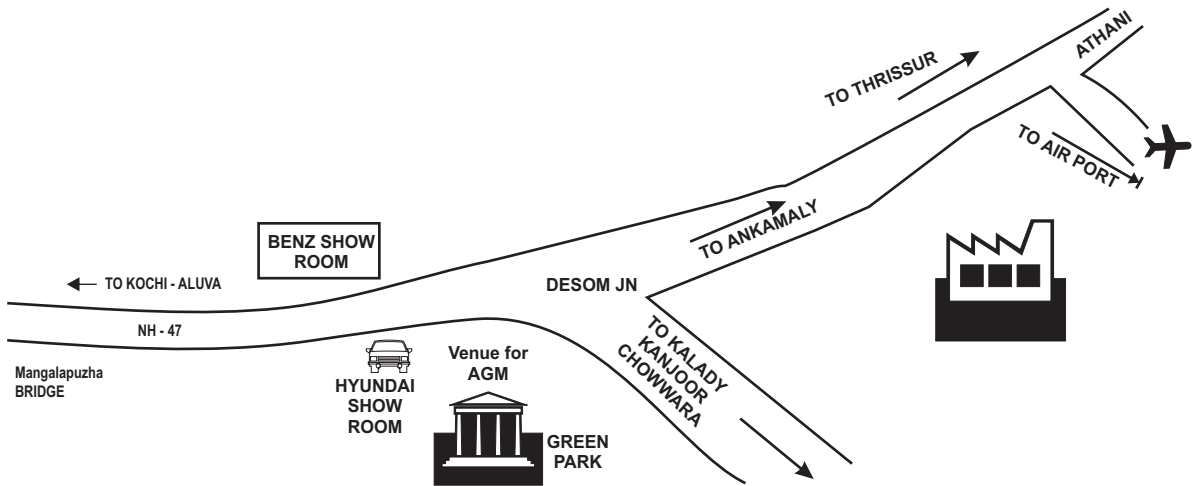
Signature of Proxy holder(s) .....

<b>Affix Re.1/- Revenue Stamp</b>
---

- A shareholder may vote either for or against each resolution.
- This form of proxy should be duly completed and must be deposited at the Secretarial Department, KERALAAYURVEDA LIMITED, Regd. Off: VII/415, Nedumbassery, Athani P.O, Aluva-683585 not less than 48 hours before the commencement of the meeting.



# Route Map





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## Kerala Ayurveda Limited

Regd. Office & Factory: VII/415, Nedumbassery, Athani P.O., Ernakulam District, Kerala - 683585

Tel: 0484 - 2476301/2/3/4, Fax: 0484 - 2474376 | CIN: L24233KL1992PLC006592

Corporate Office: No.1134, 1st Floor, 100 Feet Road, HAL 2nd Stage, Indiranagar, Bengaluru - 560008.

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