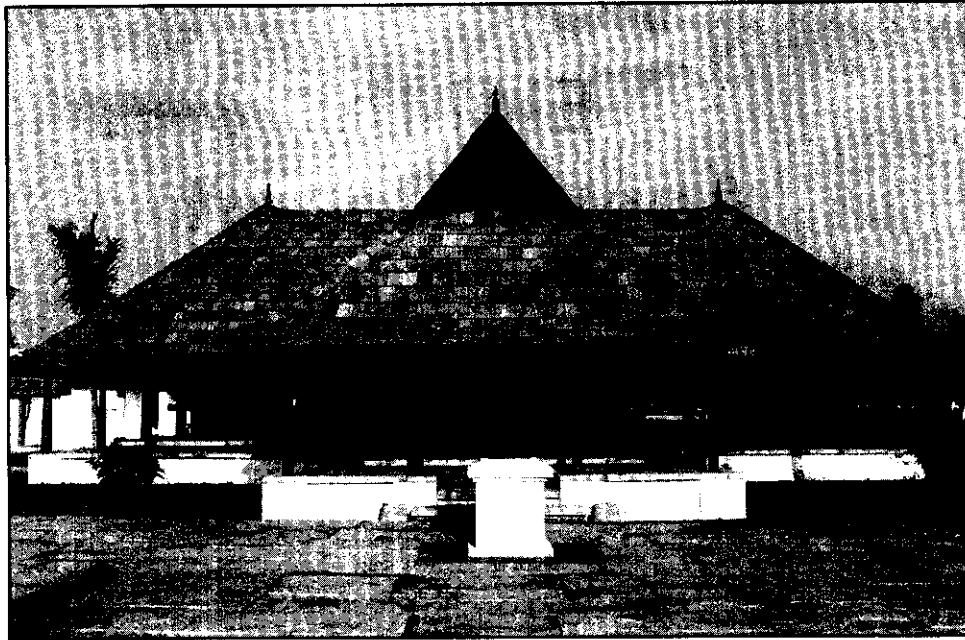


Eighth Annual Report 1999-2000

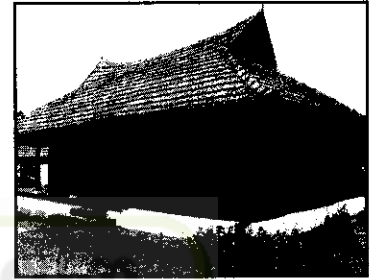
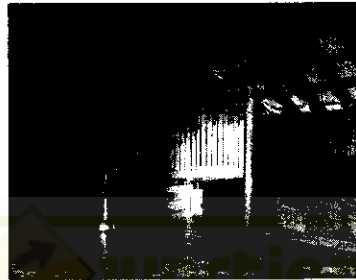
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Kerala Ayurveda Pharmacy Ltd



Aranmula Palace - 1849



Welcome to a new experience from

Ayurveda

Brought to you by South India's leading
Ayurvedic Institution-

The Kerala Ayurveda Pharmacy Ltd. (KAPL)



a Heritage Ayurvedic Health Resort set in a sprawling 12 acres of landscaped area.

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email: response@ayurgram.com website : www.ayurgram.com

City Office : 767, 100 feet, Indiranagar, Bangalore - 560 038.

Ph: (+91 80) 526 2515/ 527 5776. Telefax : (+91 80) 559 6184

Kerala Ayurveda Pharmacy Limited**BOARD OF DIRECTORS**

Chairman	Padmashree S V S Raghavan
Managing Director	Dr K Anilkumar
Dy Managing Director	Shri S K Arunkumar
Directors	Shri Jeffrey S Lindner
	Shri T N Menon
	Smt Chithra Gopinath
	Dr K Rajagopal
	Shri P Maharaj
	Dr S K Sreekumar
	Shri George Joseph, Nominee of KSIDC Ltd

G.M. FINANCE & SECRETARY
REGISTERED OFFICE&FACTORY

Shri K Raghunadhan
 VII/415, Nedumbassery,
 Athani P.O, Aluva - 683 585

AUDITORS

M/s Jayakrishnan & Co
 Chartered Accountants
 Palal Towers, M G Road, Ernakulam
 Canara Bank, Aluva

BANKERS



Kerala Ayurveda Pharmacy Limited

NOTICE

NOTICE is hereby given that the EIGHTH Annual General Meeting of the Members of Kerala Ayurveda Pharmacy Ltd. will be held at 11.00 a.m. on Wednesday, 20th September 2000 at PERIYAR CLUB, SWARGAM ROAD, DESOM, ALUVA-683 103 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss account for the year ended on 31st March 2000 and the Balance Sheet as at that date together with the Cash Flow Statement for the year ended on 31st March 2000 and Reports of the Directors and the Auditors.
2. To appoint a Director in place of Shri Jeffrey S Lindner, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr S K Sreekumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt Chithra Gopinath, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint the Auditors of the Company to hold the office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

RESOLVED THAT in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) and re-enactment thereof for the time being in force, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered in the following manner.

(A) Include the following interpretation at the appropriate place in Article 2 of the Articles of the Association.

"Beneficial Owner" shall mean the beneficial owner as defined in the Depositories Act, 1996.

"Depository" shall mean a Depository as defined in the Depositories Act, 1996.

"SEBI" means Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.

(B) Insert the following in the margin in the existing Articles of Association and add a new Article as Article 14A after Article 14".

i) DEMATERIALISATION OF SECURITIES

Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

ii) OPTIONS FOR INVESTORS

Every person subscribing to securities offered by the company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Securities.

If a person opts to hold his security with depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Kerala Ayurveda Pharmacy Limited**iii) SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM**

All the securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 187B, 187C, 372 and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

iv) RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

- a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(V) SERVICE OF DOCUMENTS

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

vi) TRANSFER OF SECURITIES

Nothing contained in section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

vii) ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

viii) DISTINCTIVE NUMBERS OF SECURITIES HELD IN A DEPOSITORY

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

ix) REGISTER AND INDEX OF BENEFICIAL OWNERS

The register and Index of Beneficial owners maintained by a depository under the Depositories act, 1996 shall be deemed to be Register and Index of Members and Security holders for the purposes of these Articles.

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

Resolved that subject to the provisions of the Companies Act, 1956, Securities Contracts(Regulation)Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules Regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals the consent of the company be and is hereby accorded to the Board to delist the equity shares of the company from the Madras Stock Exchange.

Place :Athani
Date :24-7-2000

By Order of the Board
K RAGHUNADHAN
G.M. Finance & Secretary

Kerala Ayurveda Pharmacy Limited**NOTES**

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and on a poll, to vote instead of himself. Such a proxy need not be a member of the company. Proxies, in order to be valid and effective, must be delivered at the registered office of the company not later than forty-eight hours before the commencement of the meeting.
- b) An explanatory statement pursuant to Sec.173(2) of the Companies Act, in respect of the resolutions set out against item No. 6 and 7 of the Notice are annexed hereto.
- c) The Share Transfer Books and the Register of Members of the company will be closed from 13th September 2000 to 20th September 2000 (both days inclusive).

REQUESTS TO MEMBERS

- a) Members are requested to notify any change in their address to Kerala Ayurveda Pharmacy Ltd, Nedumbassery, Athani P O, Aluva - 683 585 quoting their Folio number to update their records.
- b) Shareholders wishing to make queries at the AGM on any aspect of the working of the company, the published accounts or the Directors Report may write to Kerala Ayurveda Pharmacy Ltd, Nedumbassery, Athani P O, Aluva - 683 585 so as to reach them latest by 12th September 2000.
- c) A Proxy form and attendance slip is attached herewith. Shareholders are requested to detach the attendance slip and produce it for verification at the venue of the meeting.
- d) Members/Proxies are requested to bring alongwith them the copy of the Annual reports being sent to them.
- e) For the convenience of members attending the meeting transportation will be provided from Amritham Hospital, Bank Road, Aluva 683 101 upto 10.30 am on 20th September 2000.

EXPLANATORY STATEMENT PURSUANT TO SEC.173(2) OF THE COMPANIES ACT, 1956.**Item No.6**

With the enactment of the Depositories Act, 1996, and introduction of the Depository System, some of the provisions of the Act, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The depository system of holding securities in an electronic form is fairly safer and more convenient method for holding and trading in the securities of the company. Securities and Exchange Board of India vide its Circular No.SMDRP/POLICY/CIR-23/2000 dated 29th May 2000 has listed the scrips of the company for compulsory trading in dematerialized form with effect from 25th Sept 2000. The company proposes that the Company's Articles of Association be suitably altered to reflect the provisions introduced by the Depositories Act, 1996, and to spell out the rights of the beneficial owners of the securities in such a system. Hence the resolution is placed for approval.

None of the Directors is interested in the resolution.

Item No.7

The company's shares are listed with Cochin, Mumbai and Madras stock exchanges. However there are no transactions taking place through Madras Stock Exchange.

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities as well, investors have access to online dealings in the company's equity shares across the country. In view of this and as a part of its cost reduction measures, it is proposed to delist the shares of the company from the Madras Stock Exchange.

None of the directors is interested in the resolution.

Kerala Ayurveda Pharmacy Limited**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 8th Annual Report of the company together with the Audited Accounts for the year ended 31st March 2000.

Financial Results

The Financial Results of the company for the year ended on 31st March 2000 are as follows.

	Rs. in Lacs 1999-2000	Rs. in Lacs 1998-1999
Sales & Other Income	843.40	671.05
Profit before Finance Charges and Depreciation	159.94	118.05
Finance Charges	95.53	83.56
Profit after Finance Charges	64.41	34.49
Depreciation	30.55	29.08
Profit before Tax	33.86	5.41
Less: Provision for taxation	3.91	0.43
Profit after tax	29.95	4.98

Operations during the year

During the year company achieved a turnover of Rs.843.40 Lacs and profit of Rs.29.95 Lacs as against a turnover of Rs.671.05 Lacs and profit of Rs.4.98 Lacs during the previous year. Our product lines are getting established in South Indian states and we are planning to expand the market to other states during the current year. This will improve the capacity utilisation and profitability during the current year.

Dividend

Due to inadequacy of profits your directors regret their inability to declare any dividend for the current year.

KAPL- Ayurgram at Bangalore

Ayurvedic Health resort at Bangalore has been partly completed and has started operation in March 2000. Marketing efforts have been started and the response is encouraging. Operation of the resort is expected to generate profit by the end of the year.

Y2K compliance

The company has successfully managed Y2K transmission without any disruption. All critical I T systems are Y2K compliant.

New Products

Four new products have been developed during the year and initial reports are quite encouraging. The market of other patent products also have improved during the year. Clinical studies conducted for patent products have established their efficacy and this has also been affirmed by ayurvedic doctors by prescribing our products. R & D Department is being strengthened to expand the product development activities.

Export Market

During the year company exported medicines worth Rs.56.43 Lacs to USA, UK, Italy, Malaysia Holland and Japan. Efforts are being made to expand the export market to other countries.

Industrial Relation

Industrial relations continued to be cordial throughout the year. The employees have extended whole hearted support for improving the performance of the company.