

Tenth Annual Report 2001-2002

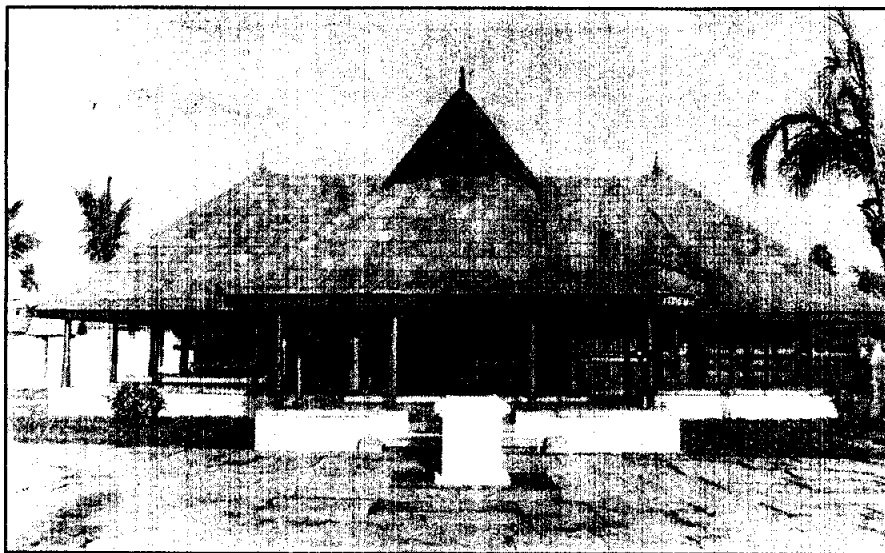


Kerala Ayurveda Pharmacy Ltd.

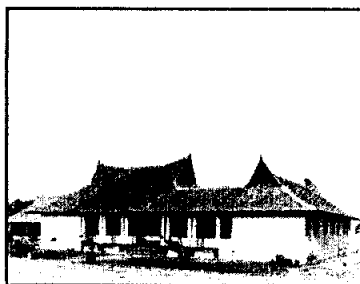
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Aranmula Palace - 1849



Welcome to a new experience from
Ayurveda

Brought to you by South India's leading

Ayurvedic Institution -

Kerala Ayurveda Pharmacy Ltd. (KAPL)



KAPL

Ayurgram
HEALTH RESORT

a Heritage Ayurvedic Health Resort set in a sprawling 12 acres of landscaped area.
Hemmandana Halli, Sameathnahalli Post, Whitefield (Via), Bangalore, India - 560 067

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

COMPANY SECRETARY

Shri P R Sivarajan

REGISTERED OFFICE&FACTORYVII/415, Nedumbassery, Athani P.O,
Aluva 683585**AUDITORS**M/s Jayakrishnan & Co
Chartered Accountants
XIX / 576, First Floor
Market Road
Aluva 683101**BANKERS**

Canara Bank, Aluva

Kerala Ayurveda Pharmacy Limited**NOTICE**

NOTICE is hereby given that the TENTH Annual General Meeting of the Members of the Kerala Ayurveda Pharmacy Ltd. will be held at 11.00 a.m. on Wednesday, 18th September 2002 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 2002 and the Balance Sheet as at that date together with the Cash Flow Statement for the year ended on 31st March 2002 and Reports of the Board of Directors and the Auditors.
2. To appoint a Director in place of Shri S V S Raghavan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Jeffrey S Lindner, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr S K Sreekumar, who retires by rotation and being eligible, offers himself 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 pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of any other applicable statutes, and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies. The Articles hereby altered as follows.

After the existing Article 27, the following new Article 27A be and is hereby inserted.

27A Passing of Resolution by Postal Ballot

Notwithstanding anything contained in these Articles, but subject to the conditions, restrictions and/or limitations contained in Section 192A and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of any other applicable statutes, as amended from time to time, the Company may pass resolutions by Postal Ballot under Section 192A of the said Act".

7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

Resolved that the consent of the company be and is hereby accorded in terms of sec 293(1)(d) of the Companies Act 1956 and other applicable provisions, if any, of the Companies Act, 1956, for availing the term loan of 1.5 million US dollars or equivalent Indian Rupees From FII/Overseas lenders/ Commercial Banks/Financial Institutions, for financing the ongoing projects on the security of the mortgage or charges on the assets of the company, movable or immovable, whatsoever situate, present and future, and the whole of the undertaking of the company, to or in favour of the FII/

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Overseas lender/commercial Banks/Financial Institutions and External Commercial Borrowings subject to the necessary approvals, so however that the total amount of borrowing including the existing ones will not exceed Rs. 15 crores

8. "TO BE PASSED BY POSTAL BALLOT ONLY"

To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution.

"Resolved that subject to the consents, approvals and permissions being obtained from appropriate authorities to the extent applicable or necessary, consent of the company be and is hereby given pursuant to section 293 (1) (a) of the Companies Act, 1956 to sell, lease or otherwise dispose off its undertaking viz. Ayurgram Health Resort at Bangalore engaged in the business of Health Care Services, to such person(s), at such consideration and with effect from such date as the Board of Directors of the company may think fit and that the Board of Directors of the company (which shall include a committee of Directors constituted for this purpose) be and is hereby authorized to complete the sale, lease or otherwise dispose off the said Undertaking with such modifications as may be required by any of the concerned authorities or which it may deem to be in the interest of the company and to do all such acts, deeds, matters and things as may be deemed necessary and/or expedient in the interest of the company".

Place : Athani

Date: 27.07.2002

By Order of the Board of Directors

P R Sivarajan

Company Secretary

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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) The share transfer books and the register of members of the company will be closed from 10th september 2002 to 18th september 2002 (both days inclusive).
- c) Explanatory statement relating to Item No.6 to 8 as required under Section 173 (2) of the Companies Act 1956 is annexed herewith.
- d) The Companies (Amendment) Act 2000 read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001 specifies that approval of the members for certain resolutions at the General Meetings are required to be carried through Postal Ballot.

Item No.8 attract these provisions and hence this resolution is required to be approved through Postal Ballot.

The Postal Ballot paper has already been sent to all the members .

As per the Rules the Ballot Paper with Assent /Dissent has to reach the Scrutineer on or before 16th September 2002. The company has appointed Shri P Sivakumar, a Company Secretary in Wholetime practice as a scrutineer for the poll, who will submit a report on the same, on or before 18th September, 2002 and the result will be announced during the Annual General Meeting.

REQUESTS TO MEMBERS

- a) Members are requested to notify any change in their address to Kerala Ayurveda Pharmacy Ltd, Nedumbassery , Athani P O, Alwaye-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, Alwaye-683 585 so as to reach them latest by 9th September 2002.
- 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 along with 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 Amrutham Hospital, Bank Road, Aluva 683 101 upto 10.30 am on 18th September 2002.

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

The Companies Act 1956 now permits Passing of Resolutions by Postal Ballot subject to the conditions /restrictions and/or limitations contained in section 192A of the said Act, read with the Companies (Passing of the Resolution by Postal Ballot)Rules 2001 . Under the Law, the Passing of Resolution

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by Postal Ballot has first to be authorized by the Articles of Association of the Company. According to Section 31 of the Companies Act 1956, the Articles of the Company needs to be amended by Passing of Special Resolution. Your Directors are of the opinion that a provision for Passing Resolution by Postal Ballot in the Articles will be in the interest of the company and its members, hence the resolution for such amendment of Articles is recommended for the approval of the members. None of the Directors of the company is concerned or interested in the resolution.

Item No.7

Under Sec 293(1)(d) of the Companies Act the consent of the Company in general meeting is required where the money had to be borrowed together with the money already borrowed in excess of the paid up capital and free reserve. The company is exploring the possibility of obtaining loan fund by External Commercial Borrowings/Commercial/Banks/Financial Institutions to repay the high interest bearing debt and also for development activities.

None of the Directors of the company is concerned or interested in the resolution.

Item No.8

Ayurgram Health Resort at Bangalore has been engaged in the business of providing Health Care Services in the form of Medical Consultation and diagnostic services. The book value of Ayurgram Health Resort is approx. Rs.6.6 crores. The Board is satisfied that it would be in the best interest of the company and its shareholders to sell, lease or dispose off the said undertaking as referred to in the Draft Ordinary Resolution.

This will enable the company to concentrate on the areas of distinctive competence viz. Manufacturing and Marketing of Medicines, Operation of Treatment Centres, Hospitals and Medical Research. The Board of Directors of the company accordingly recommend the Ordinary Resolution for approval by the members.

Shri Jeffrey S Lindner is directly interested in the resolution. Besides the other directors of the company may be deemed to be concerned or interested in the resolution as set out in the notice pursuant to Section 192A of the Companies Act, 1956 to the extent of shares held by them in the company.

Place : Athani

Date: 27.07.2002

By Order of the Board of Directors

P R Sivaraman
Company Secretary

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Kerala Ayurveda Pharmacy Limited**Report of the Board of Directors to the Members**

Your Directors have pleasure in presenting the 10th Annual Report of the company together with the Audited Accounts for the year ended 31st March 2002.

Financial Results

The Financial Results of the company for the year ended on 31st March 2002 are as follows.

	<i>Rs. In Lacs</i>	
	2001-02	2000-01
Sales & Other Income	1262.58	1157.37
Profit before Finance Charges and Depreciation	17.39	172.27
Finance Charges	172.99	89.49
Profit after Finance Charges	(155.60)	82.78
Depreciation	57.56	32.58
Profit before Tax	(213.16)	50.20
Less: Provision for taxation	NIL	3.76
Profit after tax	(213.16)	46.44

PERFORMANCE OF THE COMPANY

The past year has been a difficult year for Ayurvedic industry. Your company has responded to the challenges in the external environment by delivering a good market performance and achieved a growth of 9% over last year. A full years operation of the Ayurgram Health Resort at Bangalore impacted overall costs. Interest cost and depreciation of Ayurgram previously capitalised were charged to revenue account during the year. Loss on account of Exchange Rate Fluctuation and estimated liability of gratuity were also provided during the year. In view of the above reasons, the company sustained a loss of Rs.213.16 lacs as against Rs.46.44 lacs profit during the previous year.

CORPORATE GOVERNANCE**Introduction**

The SEBI has introduced a code of Corporate Governance(code) by way of amendment to the Listing Agreements with the Stock Exchanges. The recommendations made for good Corporate Governance are under implementation. As per the SEBI guidelines implementation of Corporate Governance Code will be mandatory for the company from the year 2002-03. The Board has constituted Audit Committee, Share Transfer Committee and Investors Grievance Committee to look into relevant aspects of each area. Since the company has in-house Secretarial Dept, the shareholders grievances are promptly attended to. The company has also an in-house internal audit dept. which carries out periodic reviews of internal control systems at all locations. In addition to this company has also appointed experienced outside professionals as Internal Auditors of the company. There are comprehensive management reporting systems involving preparation of operating results by branches/centers and their review by Senior Management and by the Board. The Company believes that strong Corporate Governance is indispensable to healthy business growth and is an important instrument of investor protection.

AUDIT COMMITTEE

Your company has formed an Audit Committee which held four meetings during the year. Presently the members of the Audit committee are as under.

Name	Designation	Non-Executive/ Independent	Profession
Shri P Maharaj	Chairman	independent director	Chartered Accountant
Shri T N Menon	Member	independent director	Management Consultant & Financial Expert
Dr K Rajagopal	Member	independent director	Physician

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The terms of reference of the Audit Committee include the following.

- To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the company, Internal Control Systems, Scope of audit and observations of the Auditors/ Internal Auditors.
- To review Compliance with Internal Control Systems
- To review the financial results of the company before submission to the Board.
- To investigate into any matter, in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company and also seek external professional advice, if necessary.
- To make recommendations to the Board on any matter relating to the financial management of the company, including the Audit Report.

Shareholders Committee

A Share Transfer and Shareholders/Investors Grievance Committee has been constituted on 28.4.2001. Shri P Maharaj, a non executive director is the chairman of the committee and Dr K Anil Kumar, Managing Director and Shri S K Arunkumar, Dy Managing Director are the other members. The company Secretary, Shri P R Sivarajan is the Compliance officer. The committee is authorised to approve the share transfer and other related transactions. The committee will also consider the shareholders/ investors grievances and take necessary action.

Social Commitments

As a part of its efforts to propagate the use of Ayurveda as a better health care system the company had conducted medical camps in various parts of the country. In these medical camps company had provided consultation and medicines free of cost to the participants. Company has also introduced a Senior Citizen Health care scheme providing free consultation to all Senior Citizens on specified dates.

KAPL HRD Centre

During the financial year an HRD center was newly opened on 24th December 2001 at Bank Road, Aluva aimed at development of Human Resources of KAPL and also to impart the knowledge of Ayurveda to those who have a love and respect for the science. This center also aims at:-

- Equipping ourselves to cater to the demands for trained Ayurvedic Medical Officers, Therapists and Paramedical staff for growing global requirements of ayurvedic professions : and
- Motivating the Ayurvedic professionals to adapt and absorb the latest developments in Science and Technology.

A Career Guidance Cell also forms part of Centre through which placement to trained Medical Officers/ Therapists is also facilitated.

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Sec 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your Directors confirm that :-

- In the preparation of the annual accounts for the year ended 31st March, 2002, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March 2002 and of the profit and loss of the company for the year ended 31st March 2002.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

Dividend

In view of the loss sustained by the company your directors regret their inability to recommend any dividend for the year.