

ANNUAL REPORT 2003-2004

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Kerala Ayurveda Pharmacy Ltd.

Aithani, Aluva-683 585, Kerala, India.

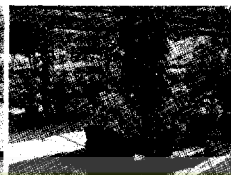
Tel: 0484-2476301 (4 lines). Fax: 0484-2474376. E-mail: info@keralapharmacy.com www.kaplayurveda.com

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Excels over 60 years in Aayurvedic Heritage of Kerala

Kerala incidently the cradle of Ayurveda, where Ayurveda was nourished, replenished, conserved and developed into a full grown holistic system of medicine that perceives man in his totality.

At KAPL, we bestow this ancient wisdom of healthcare to the humanity the world over



with a definite vision, **EXCELLENCE IN QUALITY AND SERVICE.**

KAPL, one of the first GMP certified ayurvedic companies in India produces more than 300 classical and 30

ethical ayurvedic/herbal formulations. KAPL, serves the international community in various portfolios of healthcare management.

**HOSPITALS CLINICS HEALTH RESORT HERBAL GARDEN MEDICINES
EXPORT R&D HRD CENTRE PUBLICATIONS**

- Qualified and expert doctors • Experienced nurses
- Effective medicines
- Speciality Clinics
- Panchakarma and Kerala speciality Therapies
- Advanced technology and equipments • Individual attention and care • Special facilities for ladies • Well equipped A/c, non A/c rooms. • Special diagnosis and expert treatment for Diabetics, Gynaecological diseases and Joint pains.

SPECIALITY CLINIC at KAPL HOSPITAL,
Aluva provides specialists consultation and most effective treatment for



Diabetes (1st Tuesdays), Gynaecological Diseases (2nd Tuesdays), Joint Pains (4th Tuesdays) of every month.

KAPL SPECIALITY CLINIC comprises a panel of eminent doctors from

Modern Medicine & Ayurveda, who collectively discuss, diagnose and prescribe the remedies. This panel is chaired by the renowned Physician **Padmasree. Dr. K. Rajagopalan M.B.B.S, D.A.M,**

FAIM. Advanced research on the above ailments are also being conducted here to track and tackle chronic conditions.



Kerala Ayurveda Pharmacy Ltd.

Corporate Office: Athani, Aluva-683 585, Kerala, India. Tel: 0484-2476301 (4 lines).
Fax: 0484-2474376. E-mail: info@keralapharmacy.com www.kaplayurveda.com

KAPL HOSPITAL: Bank Road, Aluva, Kerala. Tel: 0484-2626119, 2623578, 2626750. **KAPL CLINICS at:**
Ernakulam: Tel: 0484-2375292, 2378198 **Trivandrum:** Tel: 0471-2314488 **Kasargode:** Tel: 0499-4222519
Chennai: Tel: 044-26214903 **Goa:** Tel: 0832-5641870 **Mumbai:** Tel: 022-25204286 **Bangalore:** Tel: 080-25262515
Trichy: Tel: 0431-2721556 **Hyderabad:** Tel: 040-23378813, 55613357 **Puttaparthi:** Tel: 08555-2871600

A mission to heal the World

since02@vsnl.net

**KAPL****BOARD OF DIRECTORS**

Chairman : Shri S. V. S. Raghavan

Managing Director : Dr. K. Anilkumar

Dy. Managing Director : Shri. S. K. Arunkumar

Directors : Dr. K. Rajagopal

Dr. S. K. Sreekumar

Smt. Chithra Gopinath

Shri. Jeffrey S. Lindner

Shri. T. N. Menon

Shri. P. Maharaj

Shri. B. Jyothikumar,
(Nominee of KSIDC Ltd.)**COMPANY SECRETARY** : Shri. P. R. Sivarajan**REGISTERED OFFICE & FACTORY** : VII/415, Nedumbassery,
Athani P.O, Aluva - 683585**AUDITORS** : M/s. Jayakrishnan & Co.
Chartered Accountants
XIX/576, First Floor
Market Road, Aluva 683 101.**BANKERS** : Canara Bank, Aluva

**KAPL****NOTICE**

Notice is hereby given that the 12th Annual General Meeting of the members of the Kerala Ayurveda Pharmacy Ltd will be held at 11.00 A.M. on Thursday, 23rd September 2004 at Periyar Club, Swargam Road, Desom, Aluva 683103 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2004 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. K. Rajagopal, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri. S.V.S. Raghavan, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Jeffrey S. Lindner, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors, in addition to the reimbursement of all out of pocket expenses in connection with the audit of the Accounts of the Company for the year ending 31st March 2005.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolutions as Ordinary Resolutions.

a) Appointment of Dr. K. Anilkumar as Director and Managing Director

RESOLVED THAT, Dr. K. Anilkumar, be and is hereby appointed as Director and Managing Director of the company for the period 01.04.2004 to 31.03.2008 upon terms and conditions as set out in the explanatory statement to the notice convening the Annual General Meeting subject to the approval of the Central Government, if necessary.

FURTHER RESOLVED THAT, the Managing Director be paid the said remuneration as his minimum remuneration in the event of absence or inadequacy of profit in any year during the period from 01.04.2004 to 31.03.2008.

b) Appointment of Shri S K Arunkumar as Director and Dy.Managing Director

RESOLVED THAT Shri S K Arunkumar, be and is hereby appointed as Director and Dy. Managing Director of the company for the period 01.04.2004 to 31.03.2008 upon terms and conditions as set out in the explanatory statement to the notice convening the Annual General Meeting subject to the approval of the Central Government, if necessary.

FURTHER RESOLVED THAT, the Dy. Managing Director be paid the said remuneration as his minimum remuneration in the event of absence or inadequacy of profit in any year during the period from 01.04.2004 to 31.03.2008.

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 may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.

Athani
02.08.2004

By order of the Board
Sd/-
P. R. Sivarajan
(Company Secretary)

**KAPL****NOTES:**

- a) The relevant details in respect of item Nos.2,3&4 pursuant to clause 49 of the Listing Agreement are annexed hereto.
- b) 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 fortyeight hours before the commencement of the meeting.
- c) The Share Transfer Books and Register of Members will remain closed from 18th September 2004 to 23rd September 2004 (both days inclusive).
- d) Explanatory statement relating to item No.6 as required under section 173(2) of the Companies Act 1956 is annexed herewith.
- e) In order to comply with the SEBI requirement, the company has appointed M/s Integrated Enterprises (India) Ltd having office at Seema, 41/427 Rajaji Road, Near Abad Metro Hotel, Ernakulam 682 035, as our Share Transfer Agent for both physical as well as demat segment. Members are requested to send all their correspondence to the above share transfer agents.

REQUESTS TO MEMBERS

- a) Members are requested to notify any change in their address to our share transfer agents 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 The Company Secretary, Kerala Ayurveda Pharmacy Ltd, Nedumbassery, Athani P O, Alwaye 683585 so as to reach him latest by 17th September, 2004.
- 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 KAPL Hospital, Bank Road,, Aluva 683101 upto 10.30 a.m on 23rd September 2004.

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

- a. Dr K Anilkumar is the Managing Director of the company from inception of the company and his tenure of office expired on 31st March 2004.

The Board of Directors of the company at its meeting held on 27th January 2004 appointed him as Additional Director and Managing Director for a period of 4 years with effect from 1st April 2004 pursuant to the provisions of section 269 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, on such remuneration as may be fixed by the Remuneration Committee.

Schedule XIII stipulates obtaining of approval of the members for the appointment and payment of remuneration to Managing Director

The details of the remuneration and perquisites as approved by the Remuneration Committee of the Board is as follows.

Salary: Rs.50,000/- per month in the scale of Rs.50,000 – 10,000 - 80,000/- for a period of 4 years effective from 1st April 2004.

**KAPL**

Commission: @ 0.5% (one half %) of the net profit of the company subject to the maximum of 50% of the salary per year.

Perquisites :

Category A

1. Housing

The expenditure by the company on providing unfurnished accommodation for the Managing Director will be subject to 40% of his salary over and above 10% payable by the appointee.

In case no accommodation is provided by the Company the Managing Director shall be entitled to House Rent Allowance of 40% of his salary. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the salary of the Managing Director.

2. Medical reimbursement expenses incurred for self and family not exceeding Rs.72000/- per annum.

3. Leave Travel Concessions

Leave Travel concessions for self and family not exceeding Rs. 72000/- per annum.

4. Club Fee

Fee of clubs subject to a maximum of two clubs. This will not include admission fee or Life membership fees.

Category B.

Contribution to Provident Fund as per company rules and Superannuation fund or annuity fund limited to 25% of salary subject to deduction of PF contribution. Gratuity shall not exceed half months salary for each of the completed year of service subject to ceiling of Rs.2,50,000/.

Category C

Use of car with driver for Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of the car for private purpose shall be billed by the company to the Managing Director.

The above may be treated as an abstract of the terms of appointment as provided under section 302 of the Companies Act 1956.

Except Dr K Anilkumar, Shri. S. K. Arunkumar, Smt Chithra Gopinath and Dr. S. K. Sreekumar none of the Directors is interested in the resolution.

b. Shri. S. K. Arunkumar is the Dy. Managing Director of the company from inception of the company and his tenure of office expired on 31 March 2004.

The Board of Directors of the company at its meeting held on 27th January 2004 appointed him as Additional Director and Dy. Managing Director for a period of 4 years with effect from 1st April 2004 pursuant to the provisions of section 269 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, on such remuneration as may be fixed by the Remuneration Committee.

Schedule XIII stipulates obtaining approval of the members for the appointment and payment of remuneration to Dy. Managing Director.

The details of the remuneration and perquisites as approved by the Remuneration Committee of the Board is as follows.

**KAPL**

Salary : Rs.40,000 /- per month in the scale of Rs.40,000– 10,000 – 70,000 for a period of 4 years effective from 1st April 2004.

Commission: @ 0.5 % (one half %) of the net profit of the company subject to the maximum of 50% of the salary per year.

Perquisites :

Category A

1. Housing

The expenditure by the company on providing unfurnished accommodation for the Deputy Managing Director will be subject to 40% of his salary over and above 10% payable by the appointee.

In case no accommodation is provided by the Company the Deputy Managing Director shall be entitled to House Rent Allowance of 40% of his salary. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the salary of the Deputy Managing Director.

2. Medical reimbursement expenses incurred for self and family not exceeding Rs. 66000/- per annum.

3. Leave Travel Concessions

Leave Travel concessions for self and family not exceeding Rs. 66000/- per annum.

4. Club Fee

Fee of clubs subject to a maximum of two clubs. This will not include admission fee or Life membership fees.

Category B.

Contribution to Provident Fund as per company rules and Superannuation fund or annuity fund limited to 25% of salary subject to deduction of PF contribution. Gratuity shall not exceed half months salary for each of the completed year of service subject to ceiling of Rs.2,50,000/-.

Category C

Use of car with driver for Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of the car for private purpose shall be billed by the company to the Deputy Managing Director.

The above may be treated as an abstract of the terms of appointment as provided under section 302 of the Companies Act 1956.

Except Dr K Anilkumar, Shri S K Arunkumar, Smt Chithra Gopinath and Dr S K Sreekumar none of the Directors is interested in the resolution.

The Board recommend the resolutions for adoption.

Athani

02.08.2004

By Order of the Board

Sd/-

P R Sivarajan
(Company Secretary)

**KAPL**

Details of the Directors seeking reappointment in the forthcoming Annual General Meeting required to be furnished under listing agreement terms.

Name of Director	Dr K Rajagopal
Date of Birth	17 November 1932
Date of Appointment	17 th June 1994
Expertise in specific Functional areas	Physician
Qualifications	MBBS, DAM
Directorships held in other Companies (excluding foreign Companies)	NIL

Name of Director	Shri S V S Raghavan
Date of Birth	4 th May 1930
Date of Appointment	17 th June 1994
Expertise in specific Functional areas	Business Executive & Management Consultant
Qualifications	Retd. Civil Servant
Directorships held in other Companies (excluding foreign Companies)	Dove Finance Ltd

Name of Director	Shri Jeffrey S Lindner
Date of Birth	16 January 1952
Date of Appointment	17 th June 1994
Expertise in specific Functional areas	Business Executive
Qualifications	Graduate
Directorships held in other Companies (excluding foreign Companies)	Loka Resorts Pvt Ltd

Athani
02.08.2004

By Order of the Board
Sd/-
P R Sivarajan
(Company Secretary)

**KAPL****DIRECTORS REPORT**

Yours directors have pleasure in presenting the 12th Annual Report on the business and operations of the company, together with the Audited Accounts for the year ended 31st March 2004.

Financial Results

The Financial Results of the company for the year ended on 31st March 2004 are as follows.

	Year ended 31 st March 2004 (Rs. in lacs)	Year ended 31 st March 2003 (Rs in lacs)
Net Income from Sales /Services	1152.00	1319.25
Other Income	90.13	16.58
Interest	117.93	186.59
Depreciation	44.25	58.65
Profit/(-) loss before taxation	9.57	(182.14)
Deferred tax	(3.15)	49.00
Net profit(-) loss	6.41	(133.14)

Performance of the Company

Disinvestment of Bangalore Health Resort resulted in reduced turnover for the year ended 31st March 2004. The market has been more or less stagnant during the period and the competition among the players was intense. In view of this situation we have been on a consolidation phase to improve the competitive effectiveness differentiating the products and services with a long term orientation. We are happy to inform you that the last two years trend has been reversed in the year 2003-04 and we are able to achieve a net profit of Rs.6.41 lacs by following strict financial discipline and strategic management.

Export

As against an export turnover of Rs.93 lacs during the year 2002-03, we could register a total export of Rs.89 lacs during the year 2003-04. The shortfall was in Malaysia and UK markets. Malaysia market was adversely affected due to Government legislations banning advertisements unless the products are registered with the authorities concerned. Efforts to register our products are on. We have taken several steps to boost the export and we expect these measures to yield result in the ensuing year.

Dematerialisation of shares

As of now 3801645 equity shares of the company in NSDL and 275235 equity shares of the company in CDSL comprising 58.85 % and 4.26 % respectively of the equity capital have been dematerialized.

Directors

Dr K Rajagopal, Shri S V S Raghavan and Shri Jeffrey S Lindner, Directors retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

Directors Responsibility Statement

In accordance with section 217(2AA) of the Companies Act, 1956, your directors confirm that:-

**KAPL**

- a) In the preparation of the Annual Accounts for the year ended 31st March 2004, the applicable accounting standards had been followed along with proper explanations relating to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgements 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 2004 and of the profit and loss of the company for the year ended 31st March 2004.
- c) 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.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

Dividend

In the absence of adequate profits your Directors are not in a position to recommend any dividend.

Employees

Labour relations continued to be cordial throughout the period. Your Directors wish to acknowledge the support and valuable contributions on the part of all employees. There is no employee coming under the purview of Section 217 (2A) of the Companies Act 1956, read with the Rules made there under.

Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management discussion and Analysis Report, Corporate Governance Report and Auditors Certificate on Corporate Governance are annexed to this report.

Delisting of shares

During the year, pursuant to special resolution passed at the Annual General Meeting by the shareholders on 23rd September 2003, the company had applied and got the approval for delisting of its shares from Madras Stock Exchange as the trade volume of company's shares has been negligible.

Auditors

M/s Jayakrishnan & Co, Chartered Accountants, Statutory Auditors of the company retire at the ensuing Annual General Meeting. Board recommends the appointment of M/s Jayakrishnan & Co., Chartered Accountants as the Statutory Auditors of the company from the conclusion of the forthcoming Annual General Meeting to the conclusion of the next Annual General Meeting.

Registrar and Share Transfer Agents

Company has appointed M/s Integrated Enterprises (India) Ltd having office at Seema, 41/427, Rajaji Road, Near Abad Metro Hotel, Ernakulam 682035 as its Share Transfer Agent for both the physical as well as demat segment.