

22nd Annual
Report 2013-14

KERALA AYURVEDA LIMITED



TAKING
AYURVEDA GLOBALLY



KERALA
ayurveda™
wellness, naturally

"Sadhana" KAL Doctor's Meet



Team Edapally Treatment Centre

KAL camp on "World Diabetes Day"



Kerala Ayurveda Academy Students from Various Parts of the World

US Internee Students at Academy

Maryland University Students



Bhutan Students at Academy

Brazil Students at Academy



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	Mr. Ramesh Vangal
VICE CHAIRMAN	Mr. Ronald George Pearce (Independent Director)
EXECUTIVE DIRECTOR	Dr. K Anilkumar
DIRECTORS	Mr. A T Jacob (Director) Dr. K Rajagopalan (Independent Director) Mr. M C Mohan (Independent Director) Mr. S Krishnamurthy (Independent Director) Ms. Katharin Zimpel Vangal (Director) Mr. Anand Subramanian (Alternate to Ms. Katharin Zimpel Vangal)
COMPANY SECRETARY	Mr. K Raghunadhan
CHIEF FINANCIAL OFFICER	Mr. Arvind Agarwal
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 Feet Road, HAL 2 nd Stage, Indiranagar, Bangalore - 560008.
STATUTORY AUDITORS	M/s. Maharaj Rajan & Mathew, Chartered Accountants, 32/2431, Kunnath Lane, S. N. Junction Palarivattom, Kochi - 682 025.
COST AUDITORS	M/s. K A Felix & Co, Cost Accountants, 31/670 Parvathy Nilayam, Vytilla P.O., Kochi-682 019
BANKERS	Kotak Mahindra Bank Limited
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 : corpserve@iepindia.com

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CHAIRMAN'S STATEMENT

Dear Shareholders,



We continue to build on what is a firm foundation. Our efforts in research have taken root though we have taken longer than we originally expected because our pioneering work in poly herbal formulations must work through inevitable challenges and complexities. However, we are happy to report that we have filed 3 patents for Diabetes (metabolism), inflammation and weight reduction which is showing great promise for future commercialisation. We have also developed a beverage range using our proprietary herbal formulations as additives and are in the process of taking this through the complete licensing process for a full scale consumer launch by a FMCG major. Encouragingly, there are other international companies who have expressed keen interest in this concept for other consumer categories as well. While this has been a 'learning curve' in terms of time taken and effort required, it is clear that we are capable of developing valuable, unique Intellectual Properties (IPs) which can build shareholder value in long term.

On the domestic front we have seen strong progress on our Product Distribution to Doctors, with a compounded sales growth of 25 % consistently since late 2012. This momentum gives us the basis for an introduction of a new range of differentiated products with an 'edge' starting FY14/15. We also plan to roll out geographical expansion particularly in North India.

We are also finalising an agreement to co-opt a successful yoga chain in the USA to complement our Ayurveda business. Yoga is a mainstream activity and this will provide great impetus to our fledgling Ayurveda business since yoga and Ayurveda are intrinsically connected in practice and philosophy. We plan to launch a full scale US product business towards the latter part of FY14/15 by leveraging our 1500 alumni in the USA who have been certified by our KAA (Kerala Ayurveda Academy, USA). KAA programs are a minimum of 500 hrs of ayurveda education and recognised by the relevant USA authorities. We expect our Ayurveda Education program and our significant Alumni community (mostly licensed practitioners) to be a springboard to a healthy products business downstream.

Bangalore

6th August, 2014

Ramesh Vangal

Chairman

KERALA AYURVEDA LTD

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of Kerala Ayurveda Limited will be held on Monday the 29th September 2014 at 2.30 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 Statement of Profit & Loss for the year ended 31st March, 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr Ramesh Vangal, (DIN. 00064018) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Biju George & Company, Chartered Accountants, (Firm Reg No 0079325).Vellaringattu Towers, Thodupuzha 685584 as the statutory auditors of the Company in place of the retiring auditors M/s Maharaj Rajan & Mathew who have expressed their inability to accept the re appointment for the financial year 2014-15 due to shortage of manpower, from the conclusion of this meeting until the conclusion of sixth Annual General Meeting subject to ratification at every Annual General Meeting and authorise the Board to fix their remuneration for the financial year ending 31st March 2015.

SPECIAL BUSINESS

4. 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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act 2013, Dr. K.Rajagopalan (DIN. 00245326), Non Executive Independent Director of the Company, who retires by rotation at this Annual General Meeting be and is hereby appointed as a Non executive Independent Director of the Company to hold office for five consecutive years upto 28th September 2019, not liable to retire by rotation."
5. 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 149, 150, 152 and any other applicable provisions of the Companies Act 2013 and the rules made thereunder read with Schedule IV to the Companies Act 2013, Mr. M.C.Mohan (DIN.00633439), Non Executive Independent Director of the Company who retires by rotation at this Annual General Meeting be and is hereby appointed as a Non executive Independent Director of the Company to hold office for five consecutive years upto 28th September 2019, not liable to retire by rotation."
6. 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 149, 150, 152 and any other applicable provisions of the Companies Act 2013 and the rules made thereunder read with Schedule IV to the Companies Act 2013, Mr. Ronald George Pearce, (DIN. 00260166), Non Executive Independent Director of the Company be and is hereby appointed as a Non executive Independent Director of the Company to hold office for five consecutive years upto 28th September 2019, not liable to retire by rotation"
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution.

"RESOLVED that pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act 2013 and the rules made thereunder read with Schedule IV to the Companies Act 2013, Mr. S.Krishnamurthy, (DIN.00140414), Non Executive Independent Director of the Company be and is hereby appointed as a Non executive Independent Director of the Company to hold office for five consecutive years upto 28th September 2019, not liable to retire by rotation."

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

"RESOLVED that, pursuant to section 148 of the Companies Act 2013, read with Rule 14 of Companies (Audit & Auditors) Rules 2014 and subject to such guidelines and approval as may be required from the Central Government the reappointment of M/s. K A Felix & Co, Cost Accountants, 31/670 Parvathy Nilayam, Vytilla P.O., Kochi-682 019 as Cost Auditors to audit the cost records maintained by the Company for the financial year 2014-15 on a remuneration of ₹ 50,000/- per annum (Rupees Fifty Thousand only) plus Service Tax as applicable, be and is hereby ratified."

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

"RESOLVED that pursuant to the provisions of Section 188 and all other applicable provisions if any of the Companies Act, 2013 (the Act) read with the Companies (Meeting of the Board and its powers) Rules, 2014 and read with Clause 49 (VII) of the Listing Agreement entered into with Stock Exchange and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company is hereby accorded to the Board of Directors to enter into an agreement with M/s. Ayurvedagram Heritage Wellness Centre Pvt. Ltd. for the sale of medicines with a discount upto 15% on MRP for a period of 3 years with effect from 15/12/2014 for an amount of ₹ 1 Crore as resolved by the Board of Directors in its meeting held on 6th August 2014 be and is hereby approved being beneficial to the company and that such agreement be executed by Dr K Anilkumar, Executive Director."

10. 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 2nd September 2006, 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 ₹ 50.00 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 the Managing Director or any other officers of the company for giving effect to the above resolution."

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

RESOLVED that pursuant to the provisions of Section 186(2)(3) and other applicable provisions, if any of the Companies Act, 2013 and subject to such approvals, permissions, sanctions and consents of appropriate authorities, as may be necessary, consent of Company be and is hereby

accorded to the Board of Directors of the Company to make loans and/or give any guarantees provide any securities in connection with the loans made to and/or acquire by way of subscription, purchase or otherwise make investment in securities of any body corporate upto a limit not exceeding ₹ 32 crores notwithstanding that the aggregate of loans, guarantees or securities or acquisitions so far given or to be given to and/or investment so far made or to be made in all bodies corporate may exceed the limits prescribed under the said section."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters, arising out of, and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Directors or the Managing Director or any other officers of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

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

Place: Bangalore
Date : 6th August 2014

K Raghunadhan
Company Secretary

Important Notes:

- a) Register of members will remain closed from 22nd September 2014 to 29th September 2014(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.
- 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 ID 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 2013-14 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 22nd 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.
- h) Members may also note that the Notice of the 22nd Annual General Meeting and the Annual Report will also be available on the Company's website 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.

- i) 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 : corpseerv@iepindia.com with a copy to the company's registered office and quote their folio number/client ID number.
- j) 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.
- k) 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 25th September 2014.
- l) 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.
- m) The registration at AGM venue shall be strictly open only upto the time AGM starts. Shareholders are requested to be present before AGM time.
- n) **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 the Company is pleased to provide members facility to exercise their right to vote at the 22nd 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 process and instructions for e voting are as under:

A. In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "Kerala Ayurveda Ltd" from the drop down menu and click on "SUBMIT".
- (iv) Now Enter your User ID (for CDSL: 16 digits beneficiary ID, or NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below:
- (vi) Now, fill up the following details in the appropriate boxes.

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
DOB#	Enter the Date of Birth as recorded in your demat account on in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name & the sequence number/folio No. in the PAN Field. In case the sequence number/folio No. is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name, Eg; If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
 - (viii) Members holding shares in physical form will then reach directly 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 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

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 voting period begins on 23rd September 2014 and ends on 25th September 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 22nd September 2014 (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.
- D. 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- E. Mr. P. Sivakumar, Managing Partner, SVJS & Associates, Company Secretaries, Kochi-682016 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- F. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unlock the votes and make a Scrutinizer's Report on the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- G. The results shall be declared on or after the AGM of the company. The results declared along with the Scrutinizers Report shall be placed on the Company's website www.keralaayurveda.biz and on the website of CDSL within (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

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 to 7

As per section 149(5) of the Companies Act, 2013 the Company is required to appoint Independent Directors under section 149(4) within a period of one year from 1.4.2014 i.e. the date of commencement of the said section and Rules made there under. The independent Directors are required to be appointed for a term of upto five consecutive years and are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 4 to 7. The relevant details of directors seeking appointment / reappointment are provided at the end of this notice.

The said independent directors are not related to any of the directors or key managerial personnel (including relatives of directors or key managerial Personnel) of the Company in terms of Section 2(77) of the Companies Act, 2013. None of the Directors and key managerial personnel of the Company (including relatives of directors or key managerial personnel) other than the respective Non-Executive Independent Director himself, is concerned or interested, financially or otherwise, in these resolutions.

Item No.8

A proposal for appointment of M/s. K A Felix & Co, Cost Accountants, 35/253 D. Automobile Road, Mamangalam, Palarivattom P O, Kochi-682 025 as Cost Auditors for 2014-15 was recommended by the Audit Committee to the Board which was approved by the Board in its meeting held on 24th May