

EVOLVING AYURVEDA  SINCE 1945[®]



KERALA AYURVEDA LIMITED

29TH ANNUAL REPORT 2020 - 2021

**BRING HOME THE GOODNESS
OF AYURVEDA**



Academies • Clinics • Hospitals • Products • Resorts





**A RANGE OF NEWLY BRANDED,
NEWLY DESIGNED AND NEWLY PACKAGED
PRODUCTS WERE LAUNCHED IN USA, RECENTLY**



**BRING HOME
THE **GOODNESS**
OF AYURVEDA**

WE TAKE PRIDE IN WHAT WE DO.
A COMMITMENT TO MAKE A HEALTHY
CHOICE TO BRING WELLNESS, NATURALLY!



Kerala Ayurveda Inc.

691 S Milpitas Blvd Suite 206 Milpitas, CA 95035. 1-888-275-9103

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Academy Wellness Products



OUR AWARDS AND ACCOLADES: DIGITAL



**KERALA AYURVEDA LIMITED WAS
AWARDED THE “MOST INNOVATIVE STORE
OF THE YEAR”, AT AMAZON CONNECT 2020**



**"BEST SEARCH ENGINE OPTIMIZATION
CAMPAIGN-BEST SEO", E4M INDIAN DIGITAL
MARKETING AWARDS (IDMA) 2021**



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ramesh Vangal, Chairman
Dr. Kunjupanicker Anilkumar, Whole Time Director
Mr. Anand Subramanian, Director
Mr. Harish Kuttan Menon, Independent Director
Mr. Subramaniam Krishnamurthy, Independent Director
Mr. Gokul Patnaik, Director
Ms. Shilpa Kiran Gududur, Independent Director

CFO

Mr. Narumanchi Muralikrishna
(With effect from 7th September, 2020)

COMPANY SECRETARY

Ms. B.R. Ashitha
(With effect from 30th June, 2020)

REGISTERED OFFICE & FACTORY

VII/415, Nedumbassery, Athani P.O, Aluva-683 585,
Kerala, India.

CIN

L24233KL1992PLC006592

CORPORATE OFFICE

No.1134, 1st Floor, 100 Ft Road,
HAL 2nd Stage, Indiranagar, Bengaluru– 560008.

SECRETARIAL AUDITORS

M/s. SVJS & Associates, Company Secretaries
39/3519 B, 1st Floor Padmam Apartments,
Manikkath Road, Ravipuram, Kochi – 682017.

BANKERS

Kotak Mahindra Bank Ltd

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Subramaniam Krishnamurthy, Chairman
Mr. Anand Subramanian, Member
Mr. Harish Kuttan Menon, Member

NOMINATION AND REMUNERATION COMMITTEE

Mr. Subramaniam Krishnamurthy, Chairman
Mr. Harish Kuttan Menon
Mr. Ramesh Vangal, Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Anand Subramanian, Chairman
Dr. Kunjupanicker Anilkumar, Member
Mr. Subramaniam Krishnamurthy, Member

REGISTRAR & TRANSFER AGENTS

M/s. Integrated Registry Management Services Pvt. Ltd. Kences Towers
No.1 Ramakrishna Street T Nagar, Chennai - 600 017.
Ph: 044-28140801-03, Fax : 044-28142479
E-mail : csdstd@integratedindia.in

STATUTORY AUDITORS

M/s. Maharaj Rajan and Mathew
Chartered Accountants
32/2431, Kunnath Lane, S. N. Junction,
Palarivattom, Kochi-682 025

INTERNAL AUDITORS

Mr. Biju George, Chartered Accountant
Vellaringattu Towers, Thodupuzha – 685584

CONTENTS

<u>Particulars</u>	<u>Pg No</u>
• Corporate Information	4
• Chairman's Letter	6
• Notice of AGM	7-25
• Notice of candidature	26-28
• Boards Report and annexures	29-77
• Report on Corporate Governance	78-103
• Management Discussion and Analysis Report	104-106
• Standalone Financials	107-140
• Consolidated Financials	141-170

CHAIRMAN'S LETTER

Dear Shareholders,

I would like to wish you all good health during these difficult times. That's paramount.

COVID has had a deep and lasting impact on human life and it has presented unprecedented challenges to many, many businesses, including ours.

KAL's strong growth momentum in 19/20 came to a grinding halt in 20/21 because of COVID. KAL India business declined 26% with our Health Service (HS) Business down 53% due to cancellations of bookings. The drop in our higher margin HS business in particular hurt the company and KAL suffered a significant loss in 20/21 (Consolidated PAT loss of ₹ 484 lacs vs PAT profit of ₹405 lacs in 19/20).

The Company reacted quickly to the crisis. In Aug 2020 we embarked on the following strategies-

- **Q1/ Q2:** Survive. Manage cash flow. Convert Fixed to Variable costs
- **Q3/Q4:** Re-imagine / Reconstruct the business

We focused on transforming the company towards becoming a digitally led business and we focused on the promising high margin US business. The results were striking. We cut costs while investing in the future - Digital and US business - Consumer focused Product innovation

- India overall 20/21 costs reduced by 28% vs 19/20
- India HS business costs reduced 54% vs 19/20
- Digital / E-commerce business more than doubled
- US business despite a severe COVID impact climbed 17% in 20/21

We are building a resilient company which can withstand further COVID waves and indeed other such shocks. We have suffered a second COVID and there is talk of a third wave.

In 21/22 we are projecting a strong recovery for our business by continued focus on optimising cost structure by re-engineering the financial spine and selective investments behind US, Digital and Consumer centric product and channel innovation.

Q1 21/22 results have been encouraging with the Company turning around with Consolidated Sales up 55 pct (vs 20/21) and up 15 % (vs 19/20) despite the second COVID wave. Importantly, Q1 21/22 consolidated profit was an encouraging of ₹1.16 crore after 5 quarters of losses because of COVID. Our focus on US and Digital is giving us good results and will continue to invest in 21/22 and look forward to reaping the results in 22/23 and beyond

What is most satisfying is to see the recognition we are getting in the Digital domain and a fresh focus on the high value Global markets

- KAL received an **Amazon award** for the '**Most Innovative Store**' in September 2020.
- KAL won the **Silver medal** from the prestigious **Indian Digital Marketing Awards (IDMA)** in July 21 for **Search Engine Optimisation**.
- KAL launched a Webinar Series (**KALPAM TALKS**) which has been very successful. The first had over **4000 Doctors registered** with an **attendance of over 1500**.
- In **Q3/4** we will focus our efforts on **expanding to Amazon UK, Germany** and building out our **Joint venture with EBay, globally**.
- To fuel this we have just made available over 150 innovative products for sale in the US, Europe. These products are a combination of high value OTC, personal care range and OTX products which have been carefully tailored to meet USFDA and importantly California Prop 65 standards which are amongst the most stringent in the world.

Finally, I would like to salute the KAL team who have marvellously pulled together despite many of our staff being personally impacted by COVID to help KAL's transformation! We begin to see the 'green shoots' emerging for a shock proof new KAL which can drive business with sustainability in the years to come. We look forward to the future with excitement. We are at an early stage but we are very optimistic. Take care.

14th August, 2021

Ramesh Vangal
Chairman

KERALA AYURVEDA LTD

CIN: L24233KL1992PLC006592

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of Kerala Ayurveda Limited (CIN:L24233KL1992PLC006592) will be held on Thursday, 30th September, 2021 at 11 a.m. through Video Conferencing/ Other Audio Visual means to transact the following business in conformity with the regulatory provisions and the Circulars issued by the Ministry of Corporate Affairs, Government of India:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2021, together with the reports of the Board of Directors and Auditor's thereon.
 - b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2021 together with the report of the Auditor's thereon.
2. To appoint a Director in place of Gokul Patnaik (DIN: 00027915), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. Appointment of Ms. Shilpa Kiran Gududur as an Independent Director

To consider and, if thought fit, to pass the following resolution as an "Special Resolution":

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof), Ms. Shilpa Kiran Gududur (DIN: 09067581), who was appointed as an additional director of the company, categorized as independent Director, by the board of directors with effect from 15th February, 2021, in terms of Section 161 of the Companies Act, 2013, in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing her candidature for the office of Director, be and is hereby appointed as an independent director of the company for a period of five years with effect from 15th February, 2021 to hold office up to 14th February 2026, not liable to retire by rotation.

RESOLVED FURTHER THAT any of the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary to give effect to the above said resolution."

4. Ratification of the remuneration to Cost Auditors

To consider and if thought fit to pass with or without modifications the following resolution as Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (“the Act”) and the approval by the Board of Directors through resolution dated 21st September, 2020, the consent of the Company be and is hereby accorded for ratification of the remuneration of Rs 1,00,000/- (plus out of pocket expenses & service tax as applicable) to M/s. SLR & Associates., Cost Accountants Firm as the Cost Auditors of the Company for the financial year 2020-21.”

5. To re appoint Dr. K Anil Kumar as Whole Time Director

To consider and if thought fit, to pass with or without modification the following resolution as a 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 Anil Kumar as Whole Time Director, designated as Executive Director of the Company for a period of three years from 28th June, 2021 to 27th June, 2024 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 authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolution.”

6. Related party transaction with Ayurvedagram Heritage Wellness Centre Private Limited

To consider and if thought fit, to pass the following resolution as a “Ordinary 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 23 of the SEBI(LODR) Regulations, 2015 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 its wholly owned subsidiary M/s. Ayurvedagram Heritage Wellness Centre Private Limited for lending 1000 sq.ft. space at Rs.5/- per sq. ft. for a period of 3 years with effect from 1st August, 2021 as resolved by the Board of Directors in its meeting held on 30th June,2021 being beneficial to the company.

RESOLVED FURTHER THAT Dr. K. Anilkumar be and is hereby authorized to execute the agreement subsequent to the approval by the Shareholders and to sign all other documents as required under the Companies Act. 2013.”

7. Continuation of directorship of Mr. Gokul Patnaik, Director in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015

To consider, and if thought fit, to pass, the following resolution as a ‘Special Resolution’:

“RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013 and relevant Rules framed thereunder (including any statutory modification(s) / amendment(s) / re-enactment(s) thereto), Mr. Gokul Patnaik (DIN): 00027915, Non-Executive Non-Independent Director of the Company, aged 74 years, whose present term of office is for 5 (five) years, appointed with effect from the Annual General Meeting of the Company held on 24th September, 2019 till 23rd September, 2024, and whose continuation in office with effect from 15th November 2021 requires approval of Members by way of Special Resolution being more than 75 years of age, approval of the Members of the Company be and is hereby accorded to the continuation of directorship of Mr. Gokul Patnaik as a ‘Non-Executive Non--Independent Director’ of the Company, to hold office for his remaining term of office with effect from 15th November 2021 upto 23rd September, 2024, liable to retire by rotation.”

Order of the Board of Directors

For Kerala Ayurveda Limited

Sd/-

Place: Bengaluru

B.R. Ashitha

Date: 14.08.2021

Company Secretary

Notes:

1. In view of the continuing COVID-19 pandemic and restrictions imposed the Ministry of Corporate Affairs (“MCA”) vide its Circular dated May 5, 2020 read with Circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 (collectively referred to as “MCA Circulars”) and SEBI vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 has permitted the holding of the Annual General Meeting (“AGM”) through Video Conference/ Other Audio Visual Means, without the physical presence of the Members at a common venue. Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the Circulars issued by MCA and SEBI, 29th AGM of the company will be conducted through Video Conferencing (VC)/ Other Audio Visual Means (OAVM).
2. The Explanatory Statement pursuant to section 102(1) and (2) of the Companies Act, 2013 in