

EVOLVING AYURVEDA



SINCE 1945



30TH ANNUAL REPORT 2021 - 2022



BRING HOME THE GOODNESS OF AYURVEDA



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Academies • Clinics • Hospitals • Products • Resorts



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



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80
YEARS OF LEGACY








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
Mr. Rajesh Sharma, Independent Director
(w.e.f 28th June 2022)

CFO

Mr. George K T
(With effect from 28th June 2022)
Mr. Narumanchi Muralikrishna
(Resigned with effect from 30th November 2021)

COMPANY SECRETARY

Ms. B.R. Ashitha

CIN

I_24233KL1992PLC006592

REGISTERED OFFICE & FACTORY

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

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

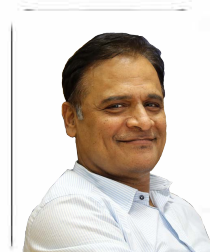
INTERNAL AUDITORS

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

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Chairman's Letter



Dear Shareholders,

Your company has come out of the COVID induced slump to transform ourselves in to a resilient, dynamic unit which is now positioned to deliver sustainable, long-term growth. In 21/22, we focused on transforming the company towards becoming a digitally led Consumer & Doctor centric business, with a focus on reducing fixed costs and improving margins. This will also allow us to insulate our business from future pandemics which we hope will never happen.

Consolidated revenue was a strong 30%. The growth was healthy across all divisions.

Consolidated Revenue 2021-22 (Rs. Lacs)		Growth
Business Division	2021-22	vs 20-21
Distribution	3,208	21%
Health Services	1,066	38%
Ayurvedagram	451	57%
Digital India	889	44%
US Business	2,009	19%
Consolidated KAL	8,070	30%

Fixed costs reduced from 47% to 37% in FY 21-22 Vs 20-21

Future Perspective:

In 22/23, we will build the foundations for long-term growth by continued focus on optimising the cost structure by re-engineering the financial spine and selective investments behind Digital, Consumer centric products & the US.

The major challenges we will continue to tackle in spite of promising growth are –

- **India ecommerce:**
 - Recent government regulations have adversely impacted the leading digital ecommerce platform. We are working hard to find pragmatic solutions and expect to see momentum growth from Q3 2022-23 onwards.
 - The E-commerce business is becoming increasingly more sophisticated and more competitive. This business will continue to require long term investment. Consumer attitudes are fundamentally transforming towards a digital framework. New start-ups are extremely funded by large private equity investments, and they are able to pump in large investments into Digital Marketing.
- **USA Business:**
 - Sales growth slowed in USA, due to new US Academy regulations, which require minimum 30% physical classes. We were a fully online business with live streaming earlier. This has required us to restructure our academic programs on an urgent basis. We expect this transition to be completed from Q3 onwards.
 - In addition, we have taken this opportunity to increase the effective pricing of the US academy by 40%. This will enable improved services to our students and long-term financial performance.

- Our product sales growth is yet to gain momentum as we in the midst of revamping our website into an integrated academy, Health Services & product website. The integrated and revamped website with better UI / UX (User Experience) is expected to be rolled out by November 2022. The US digital market is extremely sophisticated, and we will need to continue significant investments to achieve a competitive edge.
- The positive corollary of this is that it will allow us to implement all the new technology, learning, UI/UX in India and also across Europe and rest of the world.

New Product Development:

- As we transform from a traditional Doctor based product company, we will need to deliver a line of exciting new products, innovative dosage formulations which will be attractive to the large millennial digital audience, who will be the major growth drivers of the future.
- We have a strong pipeline of 40 new products under development. Many of them feature exciting Ayurveda-based innovation in a consumer-friendly manner.
- We will completely relabel/re-package our entire product range incorporating a fresh new Kerala Ayurveda Logo

Kerala Ayurveda Doctor Partnership Model (KALPAM):

- The doctor remains the soul of the business from a therapeutic standpoint. We aim to partner with the best and the most dynamic doctors across the country and digitally enable them.
- Our model is a hybrid model i.e. PHYGITAL. which combines Doctor consultation with Digitization.
- In India, we will establish network of preferred distributor partners Powered by Digitization. Our objective will be to deliver our products to the Doctor or Consumer within 48 hrs anywhere in the country. With the dramatic transformation, post COVID, and the rapid elimination of the middlemen (intermediaries) this becomes a crucial imperative.

Financial Perspective:

- We will need to be aggressively investing behind:
 - Digitization in India & US;
 - Development and rollout of New Products;
 - Refurbishing the facilities at our Wellness Clinics and Ayurvedagram;
 - and
 - Building out the Doctor Partnership (KALPAM)

- This will require financial restructuring and for us to identify sources of Capital Infusion.
- KAL is already working to re-finance the existing loans at much lower interest rates.
- Total interest-bearing debt reduction from Rs. 70 Crores in March 2021 to Rs. 52 Crores to date.
- This reduction has been funded by interest free promoter loans (Rs. 11.5 Crores) and business accruals (Rs. 6.5 Crores).

Exciting Developments to be Announced:

- **US Patent:**
 - We have been informed by the US patent office that we may be awarded a patent for our unique proprietary poly herbal Ayurvedic formulation. We believe, this will be perhaps the 1st ever US patent featuring Ayurveda.
 - This uniquely processed proprietary 7-ingredient formulation, have been through the rigors of modern scientific validation for its Safety, Purity and Efficacy through Phytochemical & Marker Analysis, Extensive pre-clinical studies in the US and Pharma rigor double blind placebo controlled Clinical Study in India at the Banaras Hindu University (BHU).
 - We expect this landmark development to get wide publicity, globally.
- **Ayurvedagram, Bali Indonesia:**
 - KAL has entered into an agreement to establish a second Ayurvedagram in Bali, Indonesia. Bali is globally recognised as a major tourist destination.
 - This beautiful 26-room property is scheduled to be operational by October 1st, 2022.
 - Ayurvedagram is one of the world's most awarded Ayurvedic Resorts and has set new standards in holistic and therapeutic healing. We believe this venture will leverage our unique Ayurveda expertise and credibility of Kerala Ayurveda Limited, along with the global reach

All in all, my dear shareholders, we are on an exciting pathway, and we are determined to progress rapidly. We have challenges to overcome but we have the foundations of an excellent, committed team. We look forward to sharing with you our future updates.

12th August, 2022

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 Thirtieth Annual General Meeting of the Members of Kerala Ayurveda Limited (CIN:L24233KL1992PLC006592) will be held on Tuesday, 27th September, 2022 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, 2022, 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, 2022 together with the report of the Auditor's thereon.
2. To appoint a Director in place of Mr. Anand Subramanian (DIN: 00064083), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS**3. Regularization of Appointment of Mr. Rajesh Sharma as an Independent Director**

To consider and, if thought fit, to pass the following resolution as a "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), Mr. Rajesh Sharma (DIN: 00811525), who was appointed as an additional director of the company, categorized as independent Director, by the board of directors with effect from 28th June 2022, 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 his 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 28th June 2022 to hold office up to 27th June 2027, 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. To approve related party transaction with Katra Phytochem (India) 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(4) 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 of the Company to enter into an arrangement/contract/transaction with M/s. Katra Phytochem (India) Private Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for a loan transaction of Rs.1500.97 lakhs and purchase/sale of medicines Rs.10.94 lakhs during the period 01.04.2021 to 31.03.2022 and upto an aggregate value of Rs.60 lakhs for purchase/sale of medicines and upto Rs.3.000 lakhs for loan transactions for a period of 3 years from 01.04.2022 to 31.03.2025 as resolved by the Audit committee and Board of Directors being beneficial to the company and on arms lengths basis.

RESOLVED FURTHER the Board of Directors of the Company (which includes any Committee of the Board) be and are hereby authorized to do all necessary acts, deeds, things and execute all such documents, undertaking as may be necessary in this regard from time to time to give effect to the above resolution.”

5. 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 of the Company be and is hereby accorded for ratification of the remuneration of Rs 1 lakh (plus out of pocket expenses & service tax as applicable) per financial year to M/s. SLR & Associates., Cost Accountants Firm, SASKAN-42, Kaliyaparambil, Erloor North, Tripunithura, Kochi-682306 as the Cost Auditors of the Company for the year 2021-22 and 2022-23.”

**Order of the Board of Directors
For Kerala Ayurveda Limited**