

Kerala Ayurveda Limited

20th Annual
Report 2011-12

Herbarium Sheet: *Tinospora Cordifolia*

Tinospora Cordifolia (WSD) Miex, is one of the most versatile rejuvenative herbs. It is commonly referred as *Guduchi* in Sanskrit meaning 'the one, which protects the body'. It is also called as *Amruta* or nectar, as it is extremely useful in strengthening the immune system and keeping the functions of various organs in harmony. *Guduchi* is now extensively researched by KAL for its anti-diabetic, anti-oxidant and immuno-modulatory activities. It is one of the ingredients of our Glymin formulation, which is found to be effective in management of diabetes.

OUR VISION

Delighting consumers with globally admired Ayurveda products and services that deliver wellness, naturally.



AyurvedaGram is now Frost & Sullivan Wellness Services Provider Company of the Year, 2010 & 2011

Kerala Ayurveda Limited opens Panchakarma Treatment Centre & Pharmacy Shop at SS Hospital (BHU) Varanasi, as part of the Public-Private Partnership with Banaras Hindu University



Government of Kerala organized Global Ayurveda Festival 2012 and Arogya Expo. Your Company Actively participated in the same



Launch of KARE (Kerala Ayurveda Research & Education) Foundation and held Intellectual Conclave at Kochi



Ayurvedagram receiving the best "Wellness Services Provider Company of the year 2011" Award

KAL Herbal Garden participated in Musiris Heritage Tourism Festival at Parur



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	Mr. Ramesh Vangal
VICE CHAIRMAN	Mr. Ronald George Pearce
EXECUTIVE DIRECTOR	Dr. K Anilkumar
DIRECTORS	Mr. A T Jacob Dr. K Rajagopalan Mr. M C Mohan Mr. S Krishnamurthy Ms. Katharin Zimpel Vangal Mr. Anand Subramanian (Alternate to Ms. Katharin Zimpel Vangal)
COMPANY SECRETARY	Mr. K Raghunadhan

REGISTERED OFFICE & FACTORY	VII/415, Nedumbassery, Athani P.O, Aluva-683 585, Kerala, India. info@keralaayurveda.biz www.keralaayurveda.biz
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CORPORATE OFFICE	No.1134, 1st Floor, 100 Feet Road, HAL 2 nd Stage, Indiranagar, Bangalore - 560 008.
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AUDITORS	M/s. Maharaj Rajan & Mathew, Chartered Accountants, 32/2431, Kunnath Lane, S.N. Junction Palarivattom, Kochi - 682 025
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BANKERS	AXIS Bank Ltd.
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REGISTRAR & TRANSFER AGENTS	M/s. Integrated Enterprises (I) Ltd. Kences Towers 2nd Floor, No.1 Ramakrishna Street, Off North Usman Road, T Nagar, Chennai - 600 017. Ph: 044-28140801-03 Fax : 044-28142479 corpserv@ieplindia.com
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CHAIRMAN'S STATEMENT

Dear Shareholders,

The world is on an ongoing quest to identify alternate systems of medicine that are Safe, Effective and most importantly, Sustainable. India will play a pivotal role in providing sustainable alternatives to rising global wellness aspirations.

Ayurveda's heritage endears to the wellness seeker as a credible alternative. However, widespread acceptance of Ayurveda faces several obstacles. Significant lack of differentiation, standardization and clear evidence of safety hinder the widespread acceptance of Ayurveda globally. Recognizing these challenges and pursuing the opportunities that arise from positioning of Ayurveda as a pure, safe and effective alternative system, your company has taken up pioneering work in the areas of Chemistry and Biology through various Research initiatives.

The Global Research team comprising Renovel Discoveries, USA, Asthagiri Herbal Research Foundation, Chennai and Katra Phytochem work closely with Kerala Ayurveda Limited in a synergistic manner to deliver remarkable value to place our Ayurvedic formulations and be benchmarked with pharma ingredients. Our work over the past couple of years have borne fruit with a portfolio of proprietary Ayurvedic formulations being put through the rigors of modern scientific validation. Clinical studies are also initiated with Banaras Hindu University. The WHO had envisioned that such studies are critical to validate the scientific basis for Traditional therapies. Our endeavor is to unequivocally demonstrate Purity, Safety and Clinical Efficacy and create a robust pipeline of products that are differentiated, pure, safe and have scientific substantiation of efficacy.

Our association with Tata Global Beverages Ltd has reached a significant milestone, with specific compositions being identified for development into beverages and which are expected to be launched in the market by TGBL.

Our excellence in Healthcare Services earned us the prestigious "Wellness Service Provider of the Year 2011" Award by Alexandria - Frost & Sullivan for the second consecutive year for Ayurvedagram.

In a path-breaking effort, Kerala Ayurveda Academy, USA launched its Ayurveda courses as an e-content, available on the web. This course is compliant with WHO guidelines and has the honor of being accredited by Banaras Hindu University.

The growing network of Alumni from Kerala Ayurveda Academy provides the perfect basis to propagate and enhance the reach of our products. The scientific validation for our products is a key differentiator in the global market.

We are confident that our endeavors will yield enhanced value to all our stakeholders and contribute to our responsibility in the growth of Ayurveda as a global brand.

I, on behalf of all of you, sincerely thank all the stakeholders, including our suppliers, customers, bankers and every member of the staff and management for their continuous support and enthusiasm in our journey to take Ayurveda to the world.



Aluva
14th August, 2012

Ramesh Vangal
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Kerala Ayurveda Limited will be held on Friday, the 28th September, 2012 at 2.50 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 Profit & Loss Account for the year ended 31 March, 2012 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 Dr. K Rajagopalan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Ramesh Vangal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ronald George Pearce, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. Maharaj Rajan & Mathew, Chartered Accountants, Kochi, as Auditors of the company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting on such remuneration and out of pocket expenses as may be determined by the Board of Directors.

SPECIAL BUSINESS

6. 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 Article 70 of the Articles of Association of the Company and Section 198, 269 and 309 read with, Schedule XIII and other applicable provisions, if any of the Companies Act 1956, the approval of the company be and is hereby accorded to the appointment of Dr K Anilkumar as executive director of the company for a further period of three years with effect from 28th June, 2012 as approved by the Board of Directors at its meeting, at a remuneration and on the terms and conditions set out below:

1. Basic Salary : ₹.125,000/- per month
2. Allowances/Perquisites:-
 - a) Special Allowance : ₹.54,000/- per month
 - b) Leave Travel Allowance : Yearly payment of ₹.60,000/-
 - c) Housing I : Expenditure incurred by the Company on hiring furnished accommodation for the Director subject to a maximum of 40% of the basic salary relevant for the concerned period.

OR

- Housing II : In case no accommodation - owned or hired is provided by the Company the Director shall be entitled to 40% of the basic salary relevant for the concerned period as and by way of House Rent Allowance subject to a maximum of ₹.50,000/-

- d) Medical Reimbursement : Expenditure incurred by the Director and his family, subject to a ceiling of ₹.12,000/- per annum
- e) Contribution to Provident Fund as per Company Rules and Superannuation /Annuity Fund limited to 12% of basic salary.
- f) 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.
- g) Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- h) 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.

MINIMUM REMUNERATION : The remuneration specified at Sl. Nos. 1 & 2 above subject to approval of Share Holders, shall be paid to Dr K Anilkumar, as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the relevant period of tenure of his office.

By order of the Board of Directors
For Kerala Ayurveda Limited

Place: Aluva
Date : 14th August, 2012

K Raghunadhan
Company Secretary

Notes:

- a) 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. 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.
- b) The relevant details as required by Clause 49 of the Listing Agreement entered into with Stock Exchanges, of persons seeking re-appointment as Directors under item Nos. 2, 3 & 4 above are annexed hereto.
- c) The Register of Members and Share Transfer Books will remain closed from 22nd September, 2012 to 28th September, 2012 (both days inclusive).
- d) 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@ieplindia.com with a copy to the company's registered office and quote their folio number/client ID number.

REQUEST TO MEMBERS

- a) 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.
- b) Shareholders intending to make queries at the AGM on any aspect of the working of the company, on the published accounts or of 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, 2012.
- c) 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.
- d) The registration at AGM venue shall be strictly open only upto the time AGM starts. Shareholders are requested to be present before AGM time
- e) **Go Green Today-As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to shareholders. Members are requested to support this green initiative by updating their email addresses with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live. We thank shareholders for opting for e-Annual report in large nos.**

EXPLANATORY STATEMENT FORMING PART OF THE NOTICE

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.6

The tenure of Dr. K Anilkumar, Executive Director, expired on 27th June, 2012. Dr K. Anilkumar who is the founder and former Managing Director of the company is well versed in this branch of medicine and has over 28 years experience in manufacturing and marketing of ayurvedic medicines.

Considering his valuable services throughout these years, the Board of Directors at its meeting held on 14th August, 2012, approved his re-appointment for a further period of 3 years with effect from 28th June, 2012, on the terms and conditions as approved by the Remuneration Committee and as set out in the Resolution in Item No.6 of the Notice convening the meeting. Accordingly, the Board recommends the special resolution for members' approval.

None of the Directors except Dr. K Anilkumar is concerned or interested in the said resolution.

BRIEF PROFILE OF THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

Dr. K Rajagopalan	Independent Director
Date of Appointment	17th June, 1994
Expertise in specific Functional areas	Brithatrayee Ratna & Padmashree Dr K Rajagopalan is well known for his scholastic contributions to Ayurveda as an educationalist, Researcher and as Medical Practitioner. Starting his Professional career as Chief Physician from 1961, he is at present the Chief Consultant and Research Advisor to a number of prominent Health Institutions including the Kottackal Arya Vaidya Sala and Amala Cancer Research Institute, Thrissur.
Qualifications	MBBS, DAM
Mr. Ramesh Vangal	Non-Executive Chairman /Promoter Director
Date of Appointment	24th January, 2006
Expertise in specific Functional Areas	Experienced and successful professional with demonstrated leadership in promoting and growing businesses. Founder and Chairman of the Katra Group. He was Chairman of Seagram Asia Pacific and President, Asia Pacific for PepsiCO Foods and a member of PepsiCo's Worldwide Executive Council. He also served the Board of Infosys Technologies Limited.
Qualifications	Engineering degree from IIT, Mumbai MBA from London Business School
Mr. Ronald George Pearce	Non-Executive Vice-Chairman/Independent Director
Date of Appointment	28th June, 2006
Expertise in specific Functional Areas	Vast experience of working in global corporations including 28 years with Procter & Gamble where he served as President P&G Far East Inc. based in Japan and MD of P&G, UK. He returned to Switzerland to pursue other interests, primarily in the areas of investment opportunities and consulting. Consulting clients include Chuo Bassan Corp, Tokyo, Japan and a division of the Samsung Group in Seoul, Korea.
Qualifications	B.Com (Wits)

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

Place: Aluva
Date : 14th August 2012

K.Raghunadhan
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the company together with the Audited accounts for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The Annual results of the company for the financial year ended 31st March, 2012 as compared with the previous years are summarised below:

(₹ in Lacs)

PARTICULARS	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Gross Income	2833.06	2092.06	3570.51	2751.82
Less: VAT & Excise Duty	142.70	96.73	142.70	96.73
Net Income from Sales/Services	2690.36	1995.33	3427.81	2655.09
Profit before Interest, Depreciation & Tax (EBITDA)	177.88	61.21	84.85	(119.62)
Profit/(Loss) before extraordinary items	13.77	(235.11)	(190.35)	(595.17)
Extraordinary Items	-	435.16	-	435.16
Profit/ (Loss) Before Tax	13.77	200.05	(190.35)	(160.01)
Net Profit/(Loss) after Tax	7.86	141.20	(208.01)	(223.28)
Minority Interest in Profit	-	-	6.17	2.37
Net Consolidated Profit/(Loss)	7.86	141.20	(214.19)	(225.65)
Loss brought forward from previous year	(1107.44)	(1248.64)	(3091.36)	(2865.71)
Loss Carried forward to the Balance Sheet	(1099.58)	(1107.44)	(3305.55)	(3091.36)

PERFORMANCE ANALYSIS

During the financial year under review, the total revenue of the company increased to ₹ 2690 Lacs from ₹ 1995 Lacs in the corresponding previous financial year registering a growth of 35%. The total revenue including its subsidiaries on a consolidated basis for the year is ₹ 3428 Lacs against ₹ 2655 Lacs, registering a growth of 29%.

The operational results for the financial year ended with a PBT before Exceptional income is ₹ 14 Lacs profit as against a loss of ₹. 235 Lacs in the previous year, showing a marked improvement in EBITDA.

DIVIDEND

In view of the accumulated losses in the past, your Directors are not in a position to recommend any dividend for the current year.

BUSINESS REVIEW

During the financial year under review, your company has started a Panchakarma Center and Pharmacy at the prestigious Banaras Hindu University under the Private Public Partnership model at the S S Hospital at BHU, Varanasi. Your company is collaborating with Tata Global Beverages Limited in developing products which are Ayurveda inspired and which can be marketed by TGBL. Great amount of research activities are going on in this regard and the company is spending significant resources on R&D activities.

PERFORMANCE OF SUBSIDIARIES

Indian Subsidiary

During the year under review, M/s. AyurvedaGram Heritage Wellness Centre Pvt. Ltd. has achieved a turnover of ₹. 365 Lacs against a turnover of ₹. 345 Lacs in the previous financial year. The Net profit of the company, after providing for tax has increased to ₹. 24 Lacs from ₹. 9 Lacs in the previous year, mainly on account of cost control. Ayurvedagram has won the prestigious Alexandria-Frost & Sullivan award "Wellness Service Provider Company of the year 2011" for the second year in succession as recognition for our commitment to the wellness space.

Overseas Subsidiaries

The combined turnover of overseas subsidiaries was ₹. 426 Lacs as compared to ₹. 382 Lacs in the previous year. Kerala Ayurveda Academy in USA is the largest Vocational training school teaching Ayurveda in USA. The course has been vetted and approved by prestigious Banaras Hindu University. CMS Katra Nursing business is set to revive as the visa dates of many of the nurses eligible to go to the US through our company has advanced and first sets of nurses have already landed.

CORPORATE SOCIAL RESPONSIBILITY

Your company always had a deep sense of responsibility towards the community. Company conducted medical camps and free medical check ups at various places.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors do hereby confirm that:

- In the preparation of the Annual Accounts for the year ended 31st March, 2012, the applicable accounting standards had been followed along with proper explanations and there were no material departures.
- The Directors had 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, 2012 and of the profit of the company for the year ended 31st March, 2012.
- Proper and sufficient care has been taken 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 Annual accounts have been prepared on a going concern basis.

DEPOSITS

In terms of the provisions of Section 58A of the Companies Act, 1956, the company has not accepted any deposits from the public during the financial year under review and there are no outstanding fixed deposits from the public as on 31st March, 2012.

HUMAN RESOURCE MANAGEMENT/INDUSTRIAL RELATIONS

Employee relations in the company continued to be positive though out the year. Our culture of inclusiveness, empowerment, innovation and a thrust on continuous improvement is what defines "Being KAL". We are building a global company positioned and poised to reach out for ever greater discoveries and achievements. That mission is our DNA; that is Being KAL.

ENERGY CONSERVATION, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under sub-section (1) (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in the annexure to this report.

PARTICULARS OF EMPLOYEES

There are no employees coming under the purview of Section 217(2A) of the Companies Act, 1956 read with the rules made there under.

CORPORATE GOVERNANCE

Your company has complied with corporate governance norms as stipulated by Listing Agreement entered into with Stock Exchanges. A detailed report on Corporate Governance in line with requirements of clause 49 of the Listing Agreement and a certificate of statutory auditors confirming the compliance of Corporate Governance are attached to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed review of operations, performance and future outlook of your company and its businesses is given in the Management Discussion and Analysis, which forms part of this report.

DIRECTORS

Dr. K Rajagopalan, Mr Ramesh Vangal and Mr Ronald George Pearce, Directors of the company retire by rotation at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the Accounting Standard AS-21 on consolidated financial statements read with Accounting Standard AS-23 on Accounting for Investments in Associates. These financial statements are based on the audited financial statements of the respective subsidiaries.

SUBSIDIARIES

Your company has seven subsidiaries including one stepdown subsidiary as on 31st March, 2012 and the details are as under:

SL No	Name	Location	% of holding
1	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Bangalore, India	74%
2	Ayu Natural Medicine Clinic, P.S.	USA	100%
3	Ayurvedic Academy Inc.	USA	100%
4	Ayu Inc.	USA	100%
5	Nutraveda Pte Ltd.	Singapore	100%
6	CMS Katra Holdings LLC	USA	81.67%
7	CMS Katra Nursing LLC	USA	100%*

* CMS Katra Holdings LLC holds 51% shareholding in CMS Katra Nursing LLC and Ayu Inc holds the balance 49% shareholding, hence it is a fully owned step down subsidiary of your company.

The Annual Reports of the subsidiary companies are not annexed pursuant to the general exemption under Section 212(8) of Companies Act, 1956, granted by the Central Government. However, summarized financial statement of all subsidiaries in accordance with said government approval, forms part of this annual report. Copy of annual accounts of the subsidiary companies and other related information shall be made available to the members who seek such information, at any point of time. The annual accounts of subsidiary companies are kept at the registered office of the company and at the subsidiaries concerned, for inspection of the members.

AUDITORS

The term of Auditors, M/s. Maharaj Rajan & Mathew, Chartered Accountants, Kochi, expires at the ensuing Annual General Meeting and they are eligible for re-appointment. The Audit Committee has recommended their reappointment. The requisite certificate from Auditors, pursuant to Section 224(1B) of the Companies Act, 1956 has been received. Your directors recommend their re-appointment for the ensuing financial year.

ACKNOWLEDGEMENTS

The Board of Directors place on record its gratitude to shareholders, customers, bankers and all Government and statutory agencies, which had extended unstinted support and co-operation to the company during the year. Your Directors would further like to record appreciation of the efforts of every employee for their valuable contribution to the company.

For and On behalf of the Board of Directors
Kerala Ayurveda Ltd.

Place : Aluva

Date : 14th August, 2012

Ramesh Vangal
Chairman

ANNEXURE TO DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS REPORT.

		FORM A	
		2011-12	2010-11
A.	Power and Fuel Consumption		
1.	Electricity		
a.	Purchase units	2,01,794	1,89,258
	Total Amount	₹.10.27lacs	₹.10.37lacs
	Cost/ Unit	₹. 5.10/unit	₹.5.47/Unit
b.	Own generation through Diesel		
	Generator Units	8,143	7,806
	Unit/Ltr. of diesel	2.66	2.63
	Cost/unit (Rs)	16.85	15.31
2.	Coal	NIL	NIL
3.	Furnace Oil		
	Quantity (K.Ltr)	194.87	200.21
	Total amount	₹. 82.14Lacs	₹. 69.00Lacs
	Average Rate (₹./K.Ltr)	₹. 42,151/-	₹. 34,463/-
4.	Others/Internal Generation	NIL	NIL

B. Consumption per unit of production:

The company has about 400 heterogeneous products sold in lacs of units. Hence, the per unit consumption is negligible and it is not possible to fix standards for each products.

FORM B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.****Research and Development (R&D)**

Specific areas in which R&D

Carried out by the company

Our R&D has developed, during the Financial Year RESIGEST, a product for upper respiratory track infection. The Ayurvedic Industry is under unprecedented pressure to meet stringent safety standards and our R&D is complying with these requirements.

Benefits derived as a result of : The strict quality control measures have enabled our products to pass rigid safety standards in many countries for export.

Future plan of action : We plan to improve the manufacturing process by incorporating Technological advances.

2. Expenditure on R&D(₹. Lacs)	2011-12	2010-11
a) Capital	₹.1.55	₹. 0.89
b) Recurring	₹.401.98	₹.143.45
Total	₹. 403.52	₹.144.34
c) R&D expenditure as a % of total : Income	15 %	7.23 %

Technology absorption, adaptation and innovation:

During the year, company has not imported any technology. All developments were done indigenously.

Foreign Exchange Earnings and Outgo

The details of foreign exchange earnings and outgo are as under:

Foreign Exchange earnings & outgo	Current year	Previous year
Earnings	₹. 65.67 Lacs	₹. 90.30 Lacs
Out go	₹. NIL	₹. 4.04 lacs

Place: Aluva

Date : 14th August, 2012

For and on behalf of the Board of Directors
Kerala Ayurveda Ltd.

Ramesh Vangal
Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company firmly believes in good corporate governance. Good governance encompasses conduct of the company's business in an ethical, transparent, fair and equitable manner with due regard to the interest of various stakeholders, exercising proper control over the company's assets and transactions. The management endeavors the attainment of highest level of transparency, accountability and enhanced stakeholder value over a period of time through good corporate governance. By these practices, company ensures that all parties associated with the company obtain requisite information in time, which would help them to make informed decision. Such corporate Governance Practices help enhancement of long-term shareholder value and interest of other stakeholders.

2. BOARD OF DIRECTORS

The KAL Board comprises of Executive, Non-Executive and Independent Directors. The Chairman of the company is a Non-Executive Promoter Director. The composition of the Board of Directors as on 31st March, 2012 is in accordance with provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges. All the directors have informed the company periodically about their directorship and Membership on the Board Committees of other companies. (As per disclosure received from Directors, none of the directors holds membership in more than ten (10) Committees and Chairmanship in more than five (5) committees.) The Board of Directors, overviews the performance of the Company, approves and reviews policies/strategies and evaluates management performance. The composition of the Board of Directors, Board Meetings held during the year under review and other relevant details are given below:

a) Composition of the Board

Sl. No	Directors	Nature of Directorship	No. of Board Meetings held	No. of Board meetings attended	Attendance at Last AGM
1	Mr. Ramesh Vangal	Non-Executive Chairman/ Promoter Director	6	5	Yes
2	Mr. Ronald George Pearce	Non-Executive Vice-Chairman/ Independent Director	6	0	No
3	Dr. K Anilkumar	Executive /Promoter Director	6	6	Yes
4	Dr. K Rajagopalan	Non-Executive/ Independent Director	6	4	Yes
5	Mr. M C Mohan	Non-Executive/ Independent Director	6	2	No
6	Mr. S Krishnamurthy	Non-Executive/ Independent Director	6	6	Yes
7	Ms. Katharin Zimpel Vangal*	Non-Executive/ Promoter Director	6	6	Yes
8	Mr. A T Jacob	Non-Executive/ Promoter Director	6	6	Yes

*Attended by Alternate Director Mr. Anand Subramanian.

b) Meetings of the Board

Date of Board Meeting	Total Strength of the Board	No. of Directors Present
25 th April 2011	8	5
11 th May 2011	8	6
12 th August 2011	8	6
28 th September 2011	8	6
12 th November 2011	8	6
13 th February 2012	8	6

c) Other Directorships

Name(s) of Directors	No. of directorship in other Boards.	No. of Chairmanship in other Boards	No. of membership in other Board Committees	No. of Chairmanship in other Board Committees
Mr. Ramesh Vangal	15	0	0	0
Mr. Ronald George Pearce	1	0	0	0
Dr. K Anilkumar	2	0	1	0
Dr. K Rajagopalan	NIL	0	0	0
Mr. M C Mohan	NIL	0	0	0
Mr. S Krishnamurthy	3	0	10	0
Ms. Katharin Zimpel Vangal	1	0	0	0
Mr. A T Jacob	10	0	0	0
Mr. Anand Subramanian	1	0	0	0

d) Pecuniary relationship or transactions

Apart from receiving Directors Sitting Fees, the Independent Directors do not have any material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries.

Mr. Ramesh Vangal, Chairman and Ms. Katharin Zimpel Vangal, Director are related Directors.

e) Prevention of Insider Trading

The CODE OF CONDUCT for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992, adopted by Board of Directors is being complied with. This code is applicable to all Directors and senior managerial personnel. Mr. K Raghunadhan, Company Secretary is the Compliance Officer for monitoring adherence to the code.

3. AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee is in strict adherence with the requirements specified in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The terms of reference of the Audit Committee inter alia include the following:

1. Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of auditors remuneration.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the quarter and annual financial statements before submission to the Board for approval.
5. Reviewing, with the management, performance of statutory and internal auditors, and assessing adequacy of the internal control systems.

Composition and Attendance

The Audit Committee at present comprises of four Directors viz. Mr S Krishnamurthy, Mr. M C Mohan, Ms. Katharin Zimpel Vangal and Dr. K Rajagopalan. Mr S Krishnamurthy is Chairman of the Committee. During the financial year under review, four Audit Committee Meetings have been held on the following dates: 1) 11th May, 2011, 2) 12th August, 2011, 3) 12th November, 2011, and 4) 13th February, 2012. The particulars of Meetings attended by the members of the Audit Committee are given below;

Name of the Director	No. of Meetings	No. of Meetings attended
Mr. S Krishnamurthy	4	4
Mr. M C Mohan	4	1
Ms. Katharin Zimpel Vangal *	4	4
Dr. K Rajagopalan	4	3

* Attended by Alternate Director Mr. Anand Subramanian

4. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

The Share Holders / Investors Grievance Committee ensures speedy disposal of the share transfer requests both demat and physical shares received by the company. The company apart from overseeing the share transfer process also looks into any investor complaints.

Composition and Attendance

The present, Shareholders/Investors Grievances Committee consists of 3 Directors viz. Dr. K Anilkumar, Dr. K Rajagopalan and Mr. A T Jacob. During the financial year under the report, 12 meetings of the Committee were held. The particulars of meetings attended by the members of the Committee are given below;

Name of Director	No. of Meetings	No. of Meetings attended
Dr. K Anilkumar	12	12
Dr. K Rajagopalan	12	0
Mr. A T Jacob	12	12

During the period under review, the Company has received 31 queries from the shareholders which were attended to/resolved satisfactorily. There were no pending complaints and share transfers as on 31st March, 2012. The Minutes of the Share Transfer Committee were noted by the Board at the subsequent Board Meetings.

Mr. K Raghunadhan, Company Secretary is the Compliance Officer of the Company. In terms of the clause 47(f) of the Listing Agreement, your Company has an exclusive E-mail ID viz. investor@keralaayurveda.biz for registering investor complaints/grievances, if any and the same will be under the control of compliance officer of the Company. The Company has displayed the said e-mail ID on its website for the use of investors.

5. CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee at present comprises of 3 Directors viz. Mr. Ramesh Vangal, Dr. K Rajagopalan and Ms. Katharin Zimpel Vangal. The committee reviews good corporate governance practices followed by the Company so as to ensure that these practices reflect the latest developments in the corporate arena.

6. REMUNERATION COMMITTEE

The Remuneration Committee of the Board consists of 3 Directors viz. Mr. S Krishnamurthy, Chairman, Mr. Ramesh Vangal and Dr K Rajagopalan. Terms of reference of the Remuneration Committee are in accordance with the guidelines set out in the Listing Agreement entered into with Stock Exchanges that inter alia includes determination of the Company's policies on specific remuneration packages for Executive Directors. The Committee reviews from time to time the payments made to Executive Directors and the Board confirms the same.

Remuneration to Directors

The Non-Executive Independent Directors are being paid sitting fees of ₹.15,000/- for every Board Meeting attended by them and sitting fees of ₹.10,000/- for every Committee Meeting except the Meeting of the Shareholders/Investors' Grievances Committee, fees of which is ₹.5,000/-.

The details of the remuneration package/sitting fees provided to the Directors during the financial year 2011-12 is as follows:

Executive Directors

Name	Basic Salary	Special Allowance & HRA	Contribution to Statutory funds	Total ₹
Dr. K Anilkumar, Executive Director	1,500,000	1,320,000	180,000	3,000,000

Non Executive Directors

Name	No. of Board Meetings attended	No. of Committee Meetings attended	Amount of Sitting Fees paid (₹)
Mr. Ramesh Vangal	5	0	0
Mr. Ronald George Pearce (Independent Director)	0	0	0
Dr. K Rajagopalan (Independent Director)	4	3	40,000
Mr. S Krishnamurthy (Independent Director)	6	4	130,000
Mr. M C Mohan (Independent Director)	2	1	0
Ms. Katharin Zimpel Vangal	0	0	0
Mr. A T Jacob	6	12	0
Mr. Anand Subramanian	6	6	0

Details of shares of the Company held by Directors of the Company as on 31st March, 2012 are given below:

Name	No. of Shares	% to Paid up Capital
Dr. K Anilkumar	344,129	3.26

7. GENERAL BODY MEETINGS

a) Annual General Meetings

The details of Annual General Meetings held during last 3 years are given below:

Financial Year	Day & Date	Time	Venue	No. of Special resolutions passed at AGM
2008-09	Wednesday 30th September, 2009	11.30 A.M.	Green Park Auditorium, N H 47, Desom, Aluva	1
2009-10	Thursday 30th September, 2010	11.30 A.M.	Green Park Auditorium, N H 47, Desom, Aluva	Nil
2010-11	Wednesday 28th September, 2011	3.00 P.M.	Green Park Auditorium, N H 47, Desom, Aluva	Nil

b) Special Resolutions passed at last 3 AGMs

Special Resolutions for the following matters were passed at above referred AGMs by the shareholders with requisite majority:

Sl.	Date	Subject matter of Special resolution.
01	30 th September, 2009	Re-appointment and fixing remuneration of Dr. K Anilkumar, Executive Director of the company.

c) Postal Ballot:

There was no resolution passed through postal ballot during the financial year under review.

8. DISCLOSURES

- The details of transactions of material nature with its Promoters, Directors or the Management or their subsidiaries or their relatives during the year have been disclosed in notes to Accounts forming part of this Annual report. There was no instance of non-compliance.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.
- As per Clause 49(V) of the Listing Agreement, the Executive Director and CFO of the company has certified to the Board on their review of financial statements and cash flow statements for the financial year ended 31st March, 2012 in the form prescribed by Clause 49 of the Listing Agreement.
- No penalty levied by Customs and Central Excise.
- As required under clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Directors and the Senior Management have confirmed compliance with the CODE OF CONDUCT & ETHICS for the financial year ended 31st March, 2012.
- The Company at present has not adopted any Whistle Blower Policy. However, any employee would have access to meet senior level management and report on any points of concern.
- The Company and its subsidiaries are part of Katra Group. As these companies exercise control over the Company, they constitute the group as defined under Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with Section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969. The group companies are as follows:

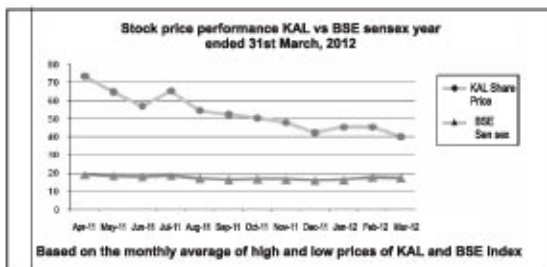
Audrama Developments Pvt. Ltd.	Katra Phytochem India Pvt. Ltd.
Global AgriSystem Pvt. Ltd. & Its subsidiaries	Mason & Summers Alcobev Pvt. Ltd & Its subsidiaries.
Katra Holding Pvt. Ltd.	Segrow Bio-Technics India Pvt. Ltd.
Katra Marine Pvt. Ltd.	Mason & Summers Leisure Pvt. Ltd

9. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the company are being sent to the Stock Exchanges immediately after the approval of the Board. These results are published in the news papers viz. Business Line (English daily) as well as in Deepika (Malayalam daily), within forty-eight hours of approval thereof. These are also displayed on the Company's website 'www.keralaayurveda.biz' shortly after its submission to the Stock Exchanges. Thus, the same are not being sent to the shareholders separately and company has not made any presentation to the institutional investors or Analysts during the year under review. All data relating to quarterly financial results, shareholding pattern, corporate announcement etc. are also available at the website 'www.corpfilings.co.in' being jointly maintained by BSE & NSE.

10. GENERAL SHAREHOLDER INFORMATION:

- i) **Annual General Meeting**
 - Day, Date and Time - Friday, 28th September, 2012 at 2:50 PM
 - Venue - Green Park Auditorium, NH47, Desom, Aluva-683103
- ii) **Financial year** - 1st April to 31st March, 2012
- iii) **Financial Reporting for the Quarter**
(Calendar Tentative & Subject to change)
 - 1st quarter ending 30th June, 2012 - August, 2012 (2nd Week)
 - 2nd quarter ending 30th September, 2012 - November, 2012 (2nd Week)
 - 3rd quarter ending 31st December, 2012 - February, 2013 (2nd Week)
 - 4th quarter ending 31st March, 2013 - May, 2013 (2nd Week)
- iv) **Date of Book Closure** - 22nd to 28th September, 2012
(Both days are inclusive)
- v) **Dividend payment date** - No dividend has been recommended by the Board
- vi) **Listing on Stock Exchanges:**
The equity shares of the Company are listed on following Stock Exchanges:
 - a) Bombay Stock Exchange (Stock code : 530163)
 - b) Cochin Stock Exchange (Stock Code: KAM)
- vii) **Annual Listing Fees:**
Annual Listing Fees for the financial year 2012-13 to BSE & CSE has been paid.
CIN No. of the company: **L24233KL1992PLC006592**
- viii) **Stock Price performance:** KAL vs. BSE Sensex.



ix) **Market Price Data :** High/Low during each month in last financial Year at Bombay Stock Exchange. (₹)

Months	High	Low	Months	High	Low
April-11	79.00	68.00	Oct-11	55.00	46.00
May-11	73.00	57.00	Nov-11	54.00	42.00
June-11	64.00	50.00	Dec-11	48.00	37.00
July-11	76.00	55.00	Jan-12	55.00	36.00
Aug-11	64.00	45.00	Feb-12	52.00	39.00
Sept-11	57.00	48.00	Mar-12	43.90	36.50

x) Registrar & Share Transfer Agents:

M/s. Integrated Enterprises (India) Ltd, Chennai having office at Emakulam is the Registrar & Transfer Agent of the company. Share Transfers, Dematerialization of shares and all other investor related activities are attended and processed at the office of the Registrar & Transfer Agent. Share holders/ Investors/Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the Registrar at the following address:

M/s. Integrated Enterprises (India) Ltd.,
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@ieindia.com

xii) Share Transfer System:

At the meetings of the Shareholders/Investors Grievance Committee of the Board, proposals for Share Transfer are being placed and the same are processed within 15 days from the date of receipt subject to the transfer instrument being valid and complete in all respects. Under the same system, the shareholder can approach a Depository Participant (DP) with physical share certificates for dematerialization. The DP will generate a Demat request which will be sent to the Registrar and Transfer Agent along with share certificates. On receipt of the same the Registrar and Transfer Agent will Demat the shares. The Company is also offering a sub division cum Demat scheme for those shareholders who are submitting their shares for sub division. In compliance with the Listing guidelines, every six months, a Practicing Company Secretary audits the system of Transfer and a certificate to that effect is issued.

xiii) Distribution of Share holding as on 31st March, 2012

Sl No.	Nominal value of shares (in Rupees)		No of Holders	% to total Holders	Total face value of shares (in ₹)	% to total face value
1	1	5,000	6971	91.28	6,596,150	6.25
2	5,001	10,000	313	4.10	2,414,400	2.29
3	10,001	20,000	172	2.25	2,618,290	2.48
4	20,001	30,000	52	0.68	1,335,860	1.27
5	30,001	40,000	27	0.36	999,940	0.95
6	40,001	50,000	23	0.30	1,075,720	1.02
7	50,001	100,000	33	0.43	2,604,450	2.46
8	Above	100,000	46	0.60	87,911,890	83.28
	Total		7637	100.00	105,556,700	100.00

xiii) Shareholders Profile as on 31st March, 2012

Sl	Category	Holders	Holders %	No. of Shares	Shares %
1	Clearing Members	37	0.58	59,068	0.56
2	Corporate Bodies	126	1.77	580,043	5.50
4	Mutual Fund	1	0.01	2,976	0.03
5	NRI/Foreign Nationals	61	0.80	668,845	6.34
6	Foreign Promoter	1	0.01	6,493,435	61.52
7	Public	7411	97.04	2,768,393	26.22
	Total	7357	100	10,555,670	100.00

(xiv) Global Depository Receipts etc.

The capital of the company comprises only Equity shares and the company having no preference shares, outstanding ADRs or GDRs.

(xv) Dematerialisation of shares

The shares of the company are available for trading in the Depository systems of both the National Securities Depository Ltd (NSDL) and the Central Depository Services (India) Ltd. (CDSL) (ISIN No. INE817B01025).

The paid-up capital of your Company as on 31st March, 2012 is ₹.105,556,700/- consisting of 10,555,670 shares of ₹.10 each which were listed on BSE and CSE. Out of the total number of listed shares, 8,928,388 shares forming

84.58% and 693,478 shares forming 6.57% stand dematerialized in NSDL and CDSL respectively and remaining 933,804 shares being 8.85% stands in physical form as on same date. The Company has established connectivity with both the Depositories through our Registrars, Integrated Enterprises (India) Ltd.

The Secretarial Audit is carried out by the Practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital.

(xvi) Plant Location

Kerala Ayurveda Ltd.,
VII/415, Nedumbassery
Athani P.O., Aluva - 683585

Kerala Ayurveda Ltd.,
Raw Drug Division
Athani P.O, Kottai - 683585

(xvii) Address for correspondence

The shareholders may address their communications/suggestions/queries to:

Company Address	Registrar and Transfer Agent
The Company Secretary & Compliance Officer, M/s. Kerala Ayurveda Ltd., VII/415, Nedumbassery, Athani P.O., Aluva-683585. Ph : 0484-2476301 (4 lines) Fax : 0484-2474376 Email: companysecretary@keralaayurveda.biz : investor@keralaayurveda.biz	M/s. Integrated Enterprises (I) Ltd. Kences Towers 2nd Floor Ramakrishna Street Off North Usman Road T Nagar, Chennai-600017 Ph: 044-28140801-03 Fax : 044-28142479 E-mail : corpserv@ieplindia.com

11. NON-MANDATORY REQUIREMENTS

- 1) The Corporate office of the Company supports the Chairman in discharging his responsibilities.
- 2) The company has setup a Remuneration Committee of the Board and the details of the same have already been given above.
- 3) As the Company publishes the quarterly financial results in English Newspaper having circulation all over India and in vernacular Newspaper, the same are not sent to each shareholder.
- 4) The Company did not have any qualifications in the Auditors Report for the financial year 2011-12. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
- 5) The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavor to keep themselves abreast with changes in global economy and various legislations.
- 6) The Company does not have a mechanism to evaluate the performance of the Non-Executive Directors of the Company.

On behalf of the Board of Directors

Place: Aluva
Date : 14th August, 2012

Ramesh Vangal
Chairman

CODE OF CONDUCT- DECLARATION UNDER CLAUSE 49(I)(D)

To,
The Members of
Kerala Ayurveda Ltd.,
In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement entered into with the Stock Exchanges, all Directors and the Senior Management have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2012.

For Kerala Ayurveda Ltd.

Place: Aluva
Date : 14th August, 2012

Dr. K Anilkumar
Executive Director

AUDITORS CERTIFICATE

To the Members of
KERALAAYRUVEDALTD

We have examined the compliance of conditions of Corporate Governance by Kerala Ayurveda Ltd, for the financial year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and, to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For Maharaj Rajan & Mathew,
Chartered Accountants
Firm Regn No: 001932S

Place: Kochi
Date : 14th August, 2012

Mathew Joseph, Partner
Membership No.22658

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

COMPANY OVERVIEW

Kerala Ayurveda Ltd hereinafter referred as KAL is a leading Ayurveda company in India having a rich heritage and experience of more than 65 year since it was established in 1945 by our founder Valdyan KGK Panicker. KAL is Full Spectrum Ayurveda company, encompassing Academies, Products, Clinics, Hospitals, Resorts and Research. During the years KAL has developed proprietary formulations which are well accepted by the market. KAL is striving to position Ayurveda as a comprehensive stand alone healthcare system by delivering Authentic Ayurveda to the world. KAL has a chain of hospitals, Treatment/Wellness Centers and consultation clinics across India. KAL promotes its medicine through ethical route through distributors and has depots in major states. KAL has a herbarium which has more than 1500 varieties of plant and has won accolades from many.

WORLD ECONOMIC SCENARIO

A serious, renewed global downturn is looming because of persistent weaknesses in the major developed economies related to problems left unresolved in the aftermath of the Great Recession of 2008-2009. Global growth is projected at 2.6 percent in 2012, and then accelerating to 3.2 percent in 2013 according to UN, whereas the developing countries are expected to continue to stoke the engine of the world economy by growing on an average by 5.6% in 2012 and 5.9% in 2013.

INDIA ECONOMIC SCENARIO

The Indian economy expanded at 6.5% in fiscal year 2011-12, its slowest pace in three years. The government expects 6.1% growth in 2012-13. During the year the inflationary trend continued to be felt and the interest rates hardened. The economy may also get adversely affected due to untimely and deficient rainfall during 2012-13.

AYURVEDA INDUSTRY

In view of Western and developed countries preference for natural and herbal healthcare products, the ayurvedic science, practice and industry have great scope. Ayurveda, the science of life, is an established, time tested and

practiced science. India having strong agricultural base and scientific expertise, can deliver high-quality ayurvedic products to meet global needs according to industry analysts. Annual turnover of Indian Ayurvedic industry is estimated at Rs 4205 crores as per EXIM Bank report. The Indian market is growing at 15-20% per annum. World herbal product market is about \$80 billion and is expected to grow by 7% to reach \$6 trillion by 2050. The size of export market for medicinal plants appears bigger than the Indian domestic market. As compared to China, which boasts of herbal exports of \$ 3 billion, Indian exports are dismal Rs 440 crores and are estimated to grow to Rs 7000 crores by 2020. For Indian herbal industry, there is a huge export opportunity.

BUSINESS REVIEW

This has been dealt with under Business Review in the Directors report forming part of this Annual Report.

OPPORTUNITIES

There is a revival and renewal of global interest in traditional medicine. World demand for herbal product is increasing. For Ayurveda Industry there is a huge export opportunity. However, there are full of challenges of meeting global requirements of Quality, Efficacy, Safety and Standardization.

CHALLENGES

Major challenges for Ayurveda industry are Regulatory concerns, Consumer perceptions and Competition. The regulatory agencies, world over, are focusing on Quality, Efficacy, Safety and standardization of herbal medicines. The new guidelines from US FDA and EMEA cover the need for documentation in the above areas.

FUTURE OUTLOOK

At present the core focus is on carrying out research on Ayurveda ingredients and formulations in a scientific manner, mainly to identify new proprietary formulation to demonstrate the efficacy of Ayurveda medicines and prove that they are safe as is acceptable to modern pharma world. Clinical trials are underway and the research work is progressing well, and we are sure it will deliver landmark results and provide scientific validation of specific Ayurvedic formulations in a short term.

HUMAN RESOURCE DEVELOPMENT

KAL continue to upgrade the human resources with an aim to achieve the highest levels of efficiency, customer satisfaction and growth. As part of the overall HR Strategy, training programmes have been organized for employees at all levels through internal faculties during the year under review.

RESEARCH AND DEVELOPMENT

As our knowledge of the effects of Ayurvedic medicines on human health improved, we find it is imperative to prepare new medicaments than ever before. During the current year our R&D developed new products for treating the upper respiratory tract infections. Our R&D conducted preclinical studies in our clinics for key formulations which established encouraging results.

INTERNAL CONTROL SYSTEM

The company has an appropriate Internal Control System which is commensurate with the size of its operation and nature of its business. Internal auditors regularly check the adequacy and effectiveness of the internal control system and compliances of various procedures and policies of the company's plant, branches etc. The reports are periodically discussed and corrective measures are taken.

CAUTIONARY STATEMENT

The statements in this Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be treated as 'forward looking statements' within the meaning of applicable laws and regulations. The success in realizing these goals depends on various factors, both internal and external. Therefore, the investors are requested to make their own independent judgments by taking into account all relevant factors before taking any investment decision.

AUDITORS' REPORT

To

The Members of

KERALA AYURVEDA LIMITED,

1. We have audited the attached Balance Sheet of KERALA AYURVEDA LIMITED as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed there to. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit,
 - b) In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of those books,
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956,
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - g) In the case of the Balance Sheet, of the state of the company's affairs as at 31st March, 2012;
 - h) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - i) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Maharaj Rajan & Mathew,
Chartered Accountants
Firm Regn No: 001932S

Annexure to the Auditors' Report (Referred to in paragraph (3) of our report of even date)

- I. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the fixed assets have not been physically verified by the management during the year but the Company has a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The company has not disposed off any fixed assets during the year.
- II. a) The management has conducted physical verification of inventory at reasonable intervals.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.
- III. In respect of the loans, secured or unsecured granted or taken by the company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
 - a) During the year the Company has given unsecured loan to subsidiary company. In respect of the said loan the maximum amount outstanding at any time during the year is ₹.288,225,564/- and the balance outstanding is ₹.220,499,079/-. In our opinion and according to the information and explanation given to us the loan is interest free, repayable on demand and terms and conditions are not prejudicial to the interests of the company.
 - b) During the year the Company has taken additional loans from Group Company of the promoter. In respect of the said loans maximum amount outstanding at any time during the year is ₹.554,152,785/- and balance outstanding is ₹.488,347,463/-. In our opinion and according to the information and explanations given to us the loan is interest free, repayable on demand and terms and conditions are not prejudicial to the interests of the company.
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- V. a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI. In our opinion and according to the information and explanations given to us the company has not accepted deposits from the public during the year. Therefore the provisions of clause 4(vi) of the order are not applicable to the company.
- VII. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- VIII. We have broadly reviewed the books of account maintained by the company in respect of manufacture of Ayurvedic products pursuant to the order made by the Central Government for maintenance of cost records prescribed under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.

- IX. According to the records of the company, the company was regular in depositing the Provident Fund dues and Employees State Insurance dues with the appropriate authorities. Based on our audit procedures and according to the information and explanations given to us there are no arrears of statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service tax, Cess and other statutory dues applicable to it which have been remained outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.
- X. The company's accumulated loss at the end of the financial year is less than 50% of its net worth. The company has not incurred cash loss during the year covered by our audit and during the immediately preceding financial year.
- XI. The company has not defaulted in repayment of dues to financial institutions or banks. The company has no debenture holders.
- XII. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- XIV. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- XV. In our opinion and according to the information and explanations given to us the terms and conditions on which the company has given guarantee for loans taken by subsidiary company from banks are not prima-facie prejudicial to the interest of the company.
- XVI. According to the information and explanation given to us, term loans taken during the year were applied for the purpose for which the loans were obtained.
- XVII. According to the information and explanations given to us, the funds raised on short-term basis during the year have not been used for long-term investment.
- XVIII. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- XIX. The company has not issued any debentures and therefore the provisions of clause 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- XX. During the period covered by our audit report, the company has not raised any money by public issue.
- XX1. Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For Maharaj Rajan & Mathew,
Chartered Accountants
Firm Regn No: 001932S

KERALA AYURVEDA LIMITED**BALANCE SHEET AS AT 31st MARCH 2012**

	Particulars	Note No.	As at 31st March, 2012	As at 31 st March, 2011
			Amount in ₹.	Amount in ₹.
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share Capital	2	105,556,700	105,556,700
	(b) Reserves and Surplus	3	9,466,288	8,680,180
	(c) Money Received against Share Warrants	4	1,432,494	1,432,494
			116,455,482	115,669,374
2	Non-Current Liabilities			
	(a) Long-Term Borrowings	5	471,660,513	488,802,481
	(b) Other Long-Term Liabilities	6	887,500	1,387,500
	(c) Long-Term Provisions	7	6,518,511	5,642,467
			479,066,524	495,832,448
3	Current liabilities			
	(a) Short Term Borrowings	8	48,651,529	48,043,229
	(b) Trade Payables	9	14,038,548	19,908,886
	(c) Other Current liabilities	10	18,010,567	62,111,676
	(d) Short-Term Provisions	11	3,768,116	5,237,124
			84,468,760	135,300,915
	TOTAL		679,990,766	746,802,737
B	ASSETS			
1	Non-Current assets			
	(a) Fixed Assets			
	(i) Tangible Assets	12	138,565,873	139,306,587
	(ii) Intangible Assets	13	978,378	3,532,066
	(b) Non Current Investments	14	114,103,535	114,103,535
	(c) Deferred Tax Assets (Net)		36,259,440	36,850,940
	(d) Long-Term Loans and Advances	15	319,341,918	263,898,806
			609,249,145	557,691,934
2	Current Assets			
	(a) Inventories	16	29,121,654	61,204,250
	(b) Trade Receivables	17	27,922,687	47,977,098
	(c) Cash and Cash equivalents	18	8,582,881	35,223,090
	(d) Short-Term Loans and Advances	19	5,114,399	44,706,365
			70,741,621	189,110,803
	TOTAL		679,990,766	746,802,737
	Significant accounting policies	1		
	See accompanying notes 1 to 36 forming part of the financial statements.			

In terms of our report attached.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com.,FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2012

SL	Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
			Amount in ₹.	Amount in ₹.
1	Revenue from operations	20	283,081,417	209,065,832
2	Other income	21	225,039	140,423
	Less: Excise Duty & VAT		283,306,456	209,206,255
			14,270,012	9,673,348
3	Total revenue		269,036,444	199,532,907
4	Expenses			
	(a) Cost of Materials consumed	22	59,017,289	49,015,599
	(b) Purchases of Medicines (Stock In Trade)	23	1,385,386	1,290,123
	(c) Changes in Inventories of FG, WIP & Stock In Trade	24	29,219,470	690,973
	(d) Employee benefits expense	25	83,420,727	69,591,800
	(e) Finance costs	26	8,240,545	7,469,034
	(f) Depreciation and Amortisation expense	27	8,170,907	22,162,725
	(g) Other expenses	28	78,204,512	72,823,272
	Total Expenses		267,668,835	223,043,526
5	Profit / (Loss) Before Extraordinary items and Tax (3 - 4)		1,377,609	(23,510,619)
6	Add: Extraordinary Items		-	43,515,849
7	Profit / (Loss) Before Tax (5 - 6)		1,377,609	20,005,230
8	Tax expense:			
	(a) Deferred tax		(591,500)	(5,885,101)
9	Profit / (Loss) for the period (7 ± 8)		786,109	14,120,129
10	Earnings/(Loss) Per Equity Share			
	Basic & diluted [Nominal value of shares Rs. 10/- each]		0.07	1.34
	Significant Accounting Policies	1		
	See accompanying notes 1 to 36 forming part of the financial statements.			

In terms of our report attached.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com.,FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

Note 1-Significant Accounting Policies

1.1 Basis for preparation of financial statements and method of accounting

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with policies generally accepted in India including Accounting Standards issued by the Institute of Chartered Accountants of India.

1.2 Use of estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.

1.3 Fixed Assets

- Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
- Depreciation is charged on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956.

1.4 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that has necessarily taken substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.5 Inventories

Raw materials, consumables and work-in-progress are valued at cost or net realizable value, whichever is lower. Stores and Spares are valued at cost.

1.6 Revenue Recognition

Sales are net of rebate, discount, excise duty and VAT. Treatment income & consulting charges is recognized on completion of each service & consultation and research/healthcare consultancy income is recognized on accrual basis.

1.7 Transactions in Foreign Exchange

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities at the year end are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All exchange differences are dealt with in the statement of Accounts.

1.8 Employee Benefits / Retirement Benefits.

- Leave Encashment Benefit accounted on the basis that such benefits is payable to employees at the end of the year.
- Gratuity Provision is made based on actuarial valuation.
- Provident Fund contribution is as per the rate prescribed by the related Act.

1.9 Miscellaneous Expenditure

1/5 of the preliminary expenses and initial Advertisement & sales promotion expenditure are written off every year.

1.10 Research & Development.

Revenue expenditure on research and development is charged to Profit & Loss account. Capital expenditure on research and development is included as a part of fixed assets and depreciated on the same basis as other fixed assets.

1.11 Intangible Assets

Intangible assets are recognized on the basis of the future economic benefits that will flow to the enterprise. The assets are recorded at the price paid to acquire them. Intangible assets will be written off over a period of their estimated useful lives

1.12 Impairment of assets

Impairment loss if any is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of useful life.

1.13 Investments

Investments are stated at cost less provision for diminution other than temporary in their values.

1.14 Earnings Per Share

The basic and diluted earnings per share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

1.15 Provision for Tax

Income tax and Deferred tax provision for the year is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted by using the tax rates and laws that are enacted or substantively enacted on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		Number of shares	Amount in ₹	Number of shares	Amount in ₹
2	Share capital				
	(a) Authorised Capital				
	Equity shares of ₹. 10/- each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
	(b) Issued Capital				
	Equity shares of ₹. 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
	(c) Subscribed and fully paid up				
	Equity shares of ₹. 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
		10,555,670	105,556,700	10,555,670	105,556,700

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2012		-	-	
- Number of shares	10,555,670	-	-	10,555,670
- Amount (in ₹.)	105,556,700			105,556,700
Year ended 31 March, 2011				
- Number of shares	10,555,670	-	-	10,555,670
- Amount (in ₹.)	105,556,700	-	-	105,556,700

(ii) Rights, Preferences and restrictions attached to Equity Shares:

The Company has one class of equity shares, having a par value of ₹. 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company in proportion to their share holding.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Katra Holdings Ltd	6,493,435	61.52%	6,493,435	61.52%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights-No of Shares			
	Opening Balance	Fresh issue	Buy back	Closing Balance
As at 31 March, 2012				
M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435
As at 31 March, 2011				
M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
3	<u>Reserves and Surplus</u>		
	Capital Reserve	3,110,879	3,110,879
	Share Premium	114,514,976	114,514,976
	General reserve	1,798,000	1,798,000
	Surplus / (Deficit) in Statement of Profit and Loss		
	At the commencement of the year	(110,743,675)	(124,863,804)
	Add: Profit / (Loss) for the year	786,109	14,120,129
	Net Surplus / (Deficit) in the Statement of Profit and Loss	(109,957,567)	(110,743,675)
	Total	9,466,288	8,680,180
4	<u>Money Received against Share warrants</u>		
	Warrant Application Money	1,494	1,494
	Share Warrant Application Money Forfeited	1,431,000	1,431,000
	Total	1,432,494	1,432,494
5	<u>Long-term borrowings</u>		
	(a) From Others		
	Unsecured		
	ICICI Bank-Hire Purchase Loan	286,125	384,835
	(b) Loans and advances from related parties		
	Unsecured		
	From Share Holders	70,183	70,183
	From Group Companies		
	Katra Holding Pvt Ltd	471,304,205	488,347,463
	Total	471,660,513	488,802,481
6	<u>Other Long-Term Liabilities</u>		
	Deposits Received from Customers	887,500	1,387,500
	Total	887,500	1,387,500
7	<u>Long-term Provisions</u>		
	Provision for Gratuity	6,518,511	5,642,467
	Total	6,518,511	5,642,467
8	<u>Short Term Borrowings</u>		
	Secured loan repayable on demand		
	AXIS Bank Limited-OCC Facility	48,651,529	48,043,229
	(Credit Facilities from AXIS Bank are secured Against company's entire current assets including Inventories, Book debts & other current assets present and future, Collateral in the form of equitable mortgage of land belonging to one of the directors, and personal guarantee of one of the Directors)		
	Total	48,651,529	48,043,229

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
9	Trade Payables		
	Sundry Creditors- Mfgs.	9,812,510	14,451,794
	Sundry Creditors- Others	4,226,038	5,457,092
	Total	14,038,548	19,908,886
	Note: Dues to Micro, Small and Medium Enterprises under MSMED Act based on the available information with the company	1,136,168	855,603
10	Other current liabilities		
	(a) Other payables		
	Advance from Ayurvedagram		49,500,000
	Advances from Customers	894,413	1,084,311
	Statutory Liabilities	6,087,684	2,071,393
	Accrued Employee Liabilities	7,901,358	6,484,176
	Rent Payable	2,726,407	2,529,654
	Other Current Liabilities	400,705	442,142
	Total	18,010,567	62,111,676
11	Short-term provisions		
	(a) Provision - Others:		
	Bonus Payable	3,043,816	1,174,595
	Privilege Leave Encashment Payable	400,344	1,228,500
	Gratuity Payable	323,956	275,420
	Provision for Project Clinical Expenses	-	2,558,609
	Total	3,768,116	5,237,124
13	Intangible Assets		
	Deferred Amalgamation Expenditure		235,208
	Deferred Expenditure Brand Design	978,378	3,256,886
	Preliminary Expenses		39,992
	Total	978,378	3,532,066
14	Non Current Investments		
	In Subsidiary Companies		
	(Unquoted, At cost)		
	16,65,000 equity shares of ₹. 10 each in	64,286,600	64,286,600
	Ayurvedagram Heritage Wellness Centre Pvt Ltd		
	100 Common stock of no par value in Ayu Inc., USA	5,620	5,620
	100 Common stock of no par value in Ayu Natural	21,516,252	21,516,252
	Medicines Clinic PS., USA		
	100 Common stock of no par value in Ayurvedic		
	Academy Inc., USA	27,242,710	27,242,710
	817 Common stock of USD 1 par value in		
	CMS Katra Holdings LLC, USA	34,853	34,853
	1 Share of face value 1 Sing \$ in Nutravada Pte Ltd, Singapore	-	-
	Non Trade		
	(Quoted, At cost)		
	500 equity shares of ₹.10 each fully paid up in		
	Canara Bank (Quoted) Market Value ₹. 473.65	17,500	17,500
	last Year ₹. 626.15 per share		
	(Unquoted, At cost)		
	100 Equity Shares of ₹. 10000/- each in	1,000,000	1,000,000
	Confederation for Ayurvedic Renaissance Keralam Pvt Ltd		
	Total	114,103,535	114,103,535

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
15	Long-Term loans and advances (Unsecured, considered good unless otherwise stated)		
	Deposits with Govt. Authorities	840,440	765,185
	Deposits with others	6,289,002	5,806,611
	Income Tax advance	1,196,384	1,309,157
	Project Expenses	664,217	3,128,720
	WIP Nurse Training Deferred	32,390,054	32,390,054
	Loans to Subsidiaries	277,961,821	220,499,079
	Total	319,341,918	263,898,806
	Note: Loan to subsidiary comprises of Loan to M/s. Ayurvedagram Heritage Wellness Centre Pvt. Ltd. ₹.45,94,834/- towards working capital, working capital loan to Ayu Inc., USA ₹.7,99,02,194/- Ayurvedic Academy Inc., USA ₹.11,21,45,455/- and CMS Katra Holdings LLC, USA ₹.81,319,337/- which is non interest bearing loan.		
16	Inventories (Inventory as taken, valued and certified by the management) (At lower of cost and net realisable value)		
	Finished Goods	15,708,519	42,381,417
	Furnace Oil	273,123	103,312
	Packing Material	1,548,287	3,187,251
	Raw Material	5,263,732	6,772,491
	Stores & Spares	148,896	54,110
	Work in Progress	6,179,097	8,725,669
	Total	29,121,654	61,204,250
	Obsolete and slow moving stock amounting to ₹.216.96 lacs is written off during the year in relation to its possible use or realisation.		
17	Trade receivables (Unsecured, considered good unless otherwise stated)		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	6,740,096	23,008,233
	Other Trade receivables	21,182,591	24,968,665
	Total	27,922,687	47,977,098
	Note: Trade receivables include debts due from:		
	Directors *	NIL	NIL
	Other officers of the Company *	NIL	NIL
	Firms in which any director is a partner	NIL	NIL
	Private companies in which any director is a director or member	NIL	NIL
18	Cash and cash equivalents		
	(a) Cash on hand	457,256	572,546
	(b) Balances with banks		
	(i) In Current accounts	5,330,998	6,917,854
	(ii) In Deposit accounts		
	Bank Deposits with original maturity for more than 12 months	2,794,627	2,532,690
	(c) Others (Cheques in hand)		25,200,000
	Total	8,582,881	35,223,090
	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is ₹.85,82,881 (Previous Year ₹. 3,52,23,090/-)		
19	Short-term loans and advances (Unsecured, considered good unless otherwise stated)		
	Advance for Purchase	168,524	271,240
	Other Advances	4,883,926	8,929,523
	Receivable on Sale of Software Project		35,400,000
	Prepaid expense	-	7,658
	Prepaid Insurance	61,949	57,245
	Books & Study Materials		40,699
	Total	5,114,399	44,706,365

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

Note 12 Fixed Assets

Tangible assets	Gross block			Depreciation			Net Block	
	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Land								
Furnished	79,455,932	-		79,455,932			79,455,932	79,455,932
(b) Buildings								
Own use	37,180,069	1,316,335		38,506,404	1,269,794		22,600,628	22,454,287
(c) Plant and Equipment								
Owned	33,063,571	1,863,990		34,927,561	1,618,720		17,979,862	17,702,712
(d) Furniture and Fixtures								
Owned	22,182,600	1,268,844		23,451,444	1,423,000		11,366,544	11,500,000
(e) Vehicles								
Owned	1,328,008			1,328,956	71,201		620,566	900,767
Taken under finance lease								
(f) Office equipment								
Owned	8,103,844	431,514		8,535,358	411,365		787,680	787,251
(g) Others (Computers)								
Owned	6,910,704	338,061		7,248,765	1,104,186		1,538,915	2,303,640
(h) Others (Electrical fittings)								
Owned	4,070,780	72,783		4,143,563	195,255		1,655,989	1,778,332
(i) Others (Miscellaneous fixed assets)								
Owned	2,642,496	10,500		2,652,996			2,482,086	2,442,466
Total	194,745,722	5,302,827		200,048,549	6,692,541	-	138,565,973	139,309,597
Previous year	208,666,461	7,043,798	20,964,485	194,745,722	5,491,165	1,473,893	13,53,56,587	157,244,000

Note: 1 Land & Development included ₹ 10.10 acres for a portion of the land at Bangalore, even though the sale deed is yet to be registered, the company has obtained power of attorney and is in full possession of the said property.

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

Notes	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		Amount in ₹	Amount in ₹
20	<u>Revenue from Operations</u>		
	(a) Sale of products	192,887,569	154,818,658
	(b) Sale of services	90,193,858	54,247,174
	Total	283,081,417	209,065,832
	(i) Sale of products comprises: Sale of Ayurvedic Medicine	192,887,569	154,818,658
	Total	192,887,569	154,818,658
	(ii) Sale of services comprises: Treatment Income	47,657,528	20,430,656
	Research Consultancy	34,825,000	26,417,875
	Training Income	2,702,589	3,131,154
	Registration Fees	2,464,480	2,050,170
	Other Operational Income	2,544,261	2,217,319
	Total	90,193,858	54,247,174
21	<u>Other Income</u>		
	Interest Received	219,539	135,423
	Dividend Income	5,500	5,000
	Total	225,039	140,423
22	<u>Cost of materials consumed</u>		
	Raw Material		
	Opening stock	6,772,491	6,115,967
	Add: Purchases	43,108,309	38,502,945
	Less: Closing stock	5,263,732	6,772,491
	(A)	44,617,068	37,846,421
	Packing Material		
	Opening Stock-Packing Material	3,167,251	2,946,834
	Add: Purchase - Packing Material	12,781,257	11,389,595
	Less: Closing Stock	1,548,287	3,167,251
	(B)	14,400,221	11,169,178
	Cost of material consumed(A+B)	59,017,289	49,015,599
23	<u>Purchase of Stock In Trade</u>		
	Purchase of Medicines	1,385,386	1,290,123
	Total	1,385,386	1,290,123

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

Notes	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		Amount in ₹	Amount in ₹
24	<u>Changes in inventories of stock of F G, WIP & Stock in trade</u>		
	<u>Inventories at the end of the year:</u>		
	Stock of FG,WIP & Stock in Trade	21,887,616	51,107,086
		21,887,616	51,107,086
	<u>Inventories at the beginning of the year:</u>		
	Stock of FG,WIP & Stock in Trade	51,107,086	51,798,059
		51,107,086	51,798,059
	Net (increase) / decrease	29,219,470	690,973
25	<u>Employee benefits expense</u>		
	Salaries and wages	75,580,450	62,718,805
	Contributions to provident funds	4,846,831	4,444,779
	Staff welfare expenses	2,993,446	2,428,216
	Total	83,420,727	69,591,800
26	<u>Finance costs</u>		
	(a) Interest expense on:		
	(i) Borrowings	7,668,088	6,786,346
	(ii) Others		
	- Interest on Vehicle Loans	35,954	25,589
	- Bank Charges	504,154	630,099
	- Other Interest	32,349	27,000
	Total	8,240,545	7,469,034
27	<u>Depreciation and Amortisation expense</u>		
	Depreciation	6,093,541	5,491,185
	Miscellaneous Expenses Written off	2,077,366	4,421,666
	Amortisation of Goodwill on Merger		6,720,868
	Amortisation of Software		5,529,006
	Total	8,170,907	22,162,725
28	<u>Other expenses</u>		
	Rent	7,933,692	6,591,630
	Rates and Taxes	425,127	621,718
	Legal & Professional charges	751,981	663,906
	Directors Sitting Fee	170,000	240,000
	Research and Development Expenses	1,150,945	581,163
	Travelling -Others	1,938,508	1,716,363
	Loss on sale of fixed Asset		403,947

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

Notes	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		Amount in ₹	Amount in ₹
	Publication Expenses	294,902	438,229
	Repairs & Maintenance- Others	1,014,253	1,142,552
	Vehicle Maintenance	117,619	97,365
	Insurance	75,323	88,257
	Founders Day Expenses		572,293
	Electricity charges	1,324,414	1,028,810
	Printing & Stationery	1,377,048	1,318,709
	Postage & Telephone	1,961,021	1,801,522
	Secretarial Expenses	716,436	733,425
	Repairs & Maintenance Branch assets	1,092,450	1,011,606
	Forex Fluctuation Loss	26,209	
	Project Ojus related expense	2,510,310	11,873,028
	Conveyance Expenses	1,802,322	746,084
	Canteen Expenses	1,176,447	1,002,025
	Bad Debts W/Off	4,561,343	108,164
	Electricity charges (Branches/Depot)	1,545,857	478,136
	Other Administrative Expenses	2,089,545	4,120,598
	Audit fee	210,000	196,215
	Travelling -Sales Staff	8,968,399	8,995,189
	Advertisements	1,117,184	1,228,920
	Commission & Discount	2,602,469	1,620,982
	Training Expenses	572,325	310,147
	Freight Outward	3,429,902	3,227,552
	Sales promotion exp	4,764,642	2,731,707
	Other Selling & Distribution Expenses	3,260,102	2,344,924
	Fuel Consumed	8,043,936	6,062,402
	Electricity charges	1,032,403	1,014,667
	Repairs to Plant & Machinery	1,272,781	667,606
	Repairs to Building	213,647	155,014
	Job Works	2,863,373	2,189,851
	Other Manufacturing Expenses	1,723,139	1,400,889
	Cultivation Expenses	111,051	151,106
	Treatment Expenses	3,963,407	3,146,571
	Total	78,204,512	72,823,272
	(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
	As auditors - statutory audit	125,000	90,000
	For taxation matters	15,000	15,000
	For company law matters	37,500	85,615
	For other services	10,000	-
	Reimbursement of expenses	22,500	5,600
	Total	210,000	196,215

KERALA AYURVEDA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	For the year Ended 31st March 2012	For the year Ended 31st March 2011
	Amt in ₹	Amt in ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Interest	9,618,153	27,474,264
Adjustment for:		
Interest Received	(219,539)	(135,423)
Dividend Received	(5,500)	(5,000)
Depreciation	6,093,541	5,491,185
Goodwill written Off		6,720,868
Amortisation of Soft Ware		5,529,006
Miscellaneous Expenditure & Deferred Exp W /off	2,553,688	4,421,666
Long term Capital gain on sale of land & Software rights		(43,515,849)
(Profit)/Loss on sale of fixed assets		373,439
Operating profit before working capital changes	18,040,343	6,354,156
Adjustments for:		
Trade receivables	20,054,411	793,407
Inventories	32,082,596	(191,258)
Short Term loans and advances	39,591,866	(35,669,581)
Long Term loans and advances	2,019,629	1,632,358
Long Term Provisions	876,044	634,048
Other Long Term Liabilities	(500,000)	153,000
Trade Payables	(5,870,338)	(1,386,948)
Other Current Liabilities	(44,101,110)	1,314,214
Short Term Provisions	(1,469,008)	(8,612,891)
Cash generated from operations	42,684,190	(41,333,651)
Direct taxes paid	-	-
Net cash from operating activities A	60,724,534	(34,979,495)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(5,352,827)	(7,043,756)
Sale of fixed assets		87,826,815
Investment		(300,000)
Loans to Subsidiaries	(57,462,742)	(99,598,436)
Dividend Received	5,500	5,000
Interest Received	219,539	135,423
Net cash used in Investing activities B	(62,590,530)	(18,974,954)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment (-)/ Proceeds(+) of UnSecured Loans	(17,141,968)	90,661,377
Net Increase/(Decrease) in Working Capital Borrowings	608,300	(786,553)
Finance Cost	(8,240,545)	(7,469,035)
Net cash from financing activities C	(24,774,212)	82,405,789
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(26,640,209)	28,451,340
Cash & Cash Equivalents at Beginning of year	35,223,090	6,771,750
Cash & Cash Equivalents at End of year	8,582,881	35,223,090

In terms of our report attached.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com.,FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

29

Earnings in Foreign Currency :

Amount in ₹.

Particulars	31st March, 2012	31st March, 2011
Export of Medicine	6,567,339	9,030,206
Total	6,567,339	9,030,206

Expenditure in Foreign Currency :

Particulars	31st March, 2012	31st March, 2011
Import of Machinery	NIL	404,207.00
Total	-	404,207.00

30

Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Holding Company	Katra Holdings Ltd, Mauritius
Subsidiary Companies	Ayurvedagram Heritage Wellness Centre Pvt Ltd Ayu Inc, USA Ayu Natural Medicine Clinic PS, USA Ayurvedic Academy Inc., USA Nutraveda Pte Ltd CMS Katra Holdings LLC, USA CMS Katra Nursing LLC, USA
Associates	All Seasons Herbs Pvt. Ltd. Arudrama Developments Pvt. Ltd. Asha Medical Foundation Pvt. Ltd. Global AgriSystem Pvt. Ltd. & its Subsidiaries Katra Holding Pvt. Ltd. Katra Marine Pvt. Ltd. Katra Phytochem India Pvt. Ltd. Mason & Summers Alcobev Pvt. Ltd. & its Subsidiaries Mason & Summers Leisure Pvt. Ltd. Seagrow Bio-Technics India Pvt. Ltd.
Managerial Person-Director	Dr K Anil Kumar
Relative of key Managerial Person	Mrs Sunitha Anilkumar Mrs Chithra Gopinath

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

	31st March, 2012	31st March, 2011
Purchase of raw Materials- All Season Herbs Pvt Ltd	4,008,243	4,106,484
Sale of Medicines-Ayurvedagram Heritage Wellness Centre P Ltd	2,155,185	2,243,725
Sale of Medicines-Ayu Inc	146,753	2,085,774
Receiving services- Ayurvedagram heritage Wellness Centre P Ltd	872,550	942,431
Rendering of services- Ayurvedic Academy Inc	270,000	451,000
Rendering of services- Mason & Summers Leisure P Ltd	1,258,875	3,919,801
Rent Paid-Sunitha Anil Kumar and Chithra Gopinath	1,026,000	1,020,000
Managerial remuneration-Dr K Anilkumar	3,000,000	3,000,000
Reimbursement of Expenses to KAL Subsidiaries	20,655	40,630
Reimbursement of Expenses by KAL Subsidiaries	1,570,979	8,161,787
Reimbursement of Expenses by Katra Holding Pvt Ltd	1,358,258	1,273,723
Borrowings (including loans)- KAL Subsidiaries	109,497,907	167,324,921
Borrowings (including loans)- Katra Holding Pvt Ltd	116,115,000	170,975,000
Repayment of Loans-KAL Subsidiaries	2,175,000	66,092,978
Repayment of Loans-Katra Holding Pvt Ltd	131,800,000	79,500,000
Balances outstanding at the end of the year		
Lending-KAL Subsidiaries	277,961,821	220,499,079
Borrowings- Katra Holding Pvt Ltd	471,304,205	488,347,463

KERALA AYURVEDA LIMITED

Notes forming part of Financial Statements for the year ended 31st March, 2012

31	Managerial Remuneration- Dr K Anil Kumar, Executive Director		
Particulars		31st March, 2012	31st March, 2011
Basic		1,500,000	1,500,000
Special Allowance		648,000	648,000
House Rent Allowance		600,000	600,000
PF Contribution		180,000	180,000
Medical Reimbursement		12,000	12,000
Leave Travel Allowance		60,000	60,000
Total		3,000,000	3,000,000
32	Contingent Liabilities		
Particulars			
I. Company has given a corporate guarantee of ₹.60,000,000/- to Axis Bank Ltd., towards the Credit facilities availed by subsidiary company M/s Ayurvedagram Heritage Wellness Centre Pvt. Ltd.			
II. Company has given a corporate guarantee of ₹.50,000,000/- to Ratnakar Bank Ltd., towards the Credit facilities availed by subsidiary company M/s Ayurvedagram Heritage Wellness Centre Pvt. Ltd.			
III. The company has given a bank guarantee of ₹.1,000,000/- to The Ministry of Indian Affairs, Office of Protector General of Emigrants, New Delhi.			
IV. The company has given a bank guarantee of ₹.1,000,000/- to Health & Family Welfare Dept, Government of Kerala towards security deposit for giving permission to start one year para medical certificate course in Ayurveda Therapy.			
V. The company has given a bank guarantee of ₹.90,000/- to Commissioner, Delhi Value Added Tax towards VAT registration at Delhi			
VI. The company has given a bank guarantee of ₹.50,000/- to Commissioner, Delhi Value Added Tax towards F Form.			
33	Deferred tax assets/ (liabilities)		
Particulars		As at 31st March, 2011	As at 31st March, 2012
			Movement
Book/Tax depreciation difference		(9,812,126)	795,243
Provision for Gratuity		1,991,281	277,374
Carry forward of business Loss		27,565,963	(1,664,117)
Unabsorbed Depreciation Carried forward		17,105,823	
Total deferred tax liability		36,850,941	(591,500)
34	Earnings/ (Loss) per share :		
Particulars		31st March, 2012	31st March, 2011
Net Profit/(Loss) after Tax		786,109	14,120,129
Weighted Average Number of Shares outstanding during the year		10,555,670	10,555,670
Earnings/ (Loss) Per Share (₹.)		0.07	1.34
Nominal Value of Shares (₹.)		10.00	10.00
35	Segment results: The company is primarily engaged in Ayurvedic services and products. Accordingly there is no separate reportable segment in accordance with AS 17-Segment reporting prescribed under the Companies (Accounting Standards) Rules 2006.		
36	The revised schedule VI has become effective from April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year classification/Disclosure.		

In terms of our report attached.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com.,FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED

STATEMENT PURSUANT TO SECTION 212(1) (e) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the subsidiary company	Ayurveda Holding Private Ltd	Ayur Inc.	Ayu Natural Medicine Clinic, Pvt. Co.	Ayurvedic Academy Inc.	Nutrveda Pvt Ltd	CMS Katra Holdings LLC	CMS Katra Nursing LLC **
No. of Shares held in Subsidiary Company as on the above date	16,65,000 Equity Shares of ₹ 10 each fully paid up	100% Share of no par Value	100% Share of no par Value	100% Share of no par Value	1 Share of Sing \$ 1	817 shares of par value USD 1	100 shares of USD 100
Extent of Holding	74%	100%	100%	100%	100%	81.87%	100%
The "financial year" of the subsidiary company ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012
Net aggregate amount of the subsidiary company's profits/(losses) dealt with in the holding company's accounts	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the subsidiary's aforesaid financial year	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the previous financial years since it became subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net aggregate amount of the subsidiary company's profits/(losses) not dealt with in the holding company's accounts							
For the subsidiary's aforesaid financial year	₹.23.84 Lacs	(₹.26.80 Lacs)	(₹.0.36 Lacs)	(₹.169.96 Lacs)	NIL	(₹.66.47 Lacs)	(₹.17.91 Lacs)
For the previous financial years since it became subsidiary	₹.80.20 Lacs	(₹.344.23 Lacs)	(₹.629.59 Lacs)	(₹.550.68 Lacs)	NIL	(₹.98.87 Lacs)	(₹.630.10 Lacs)
Material Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: - The foreign exchange rate used for converting amounts in USD to INR is ₹. 51.16 as on 31st March 2012 and Singapore Dollar to INR is ₹ 40.44 as on 31st March 2012.

* These shares were allotted by the company without any par value.

** CMS Katra Nursing LLC is a 51% subsidiary of CMS Katra Holdings LLC and balance 49% is held by Ayu Inc (a wholly Owned Subsidiary) hence a step down subsidiary of the company.

For and on behalf of the Board
For KERALA AYURVEDA LIMITED,

Aluva
14th August 2012

K RAGHUNADHAN
Company Secretary

Dr. K. ANILKUMAR
Executive Director

A T JACOB
Director

KERALA AYURVEDA LIMITED

STATEMENT PURSUANT TO SECTION 212 (b) OF THE COMPANIES ACT, 1956

Name of the subsidiary company	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Ayu Inc.	Ayu Natural Medicine Clinic P.S.	Ayurvedic Academy Inc.	Nutraveda Pte Ltd	CMS Kaira Holdings LLC	CMS Kaira Nursing LLC
Capital	₹. 225.00 Lacs	NIL *	NIL *	NIL *	₹. 0.00 Lacs	₹. 0.51 Lacs	₹. 5.12 Lacs
Reserves/(Accumulated Losses)	₹. 79.35 Lacs	(₹. 371.03 Lacs)	(₹. 629.46 Lacs)	(₹. 720.34 Lacs)	NIL	(₹. 165.34 Lacs)	(₹. 647.71 Lacs)
Total Assets	₹. 959.24 Lacs	₹. 571.63 Lacs	₹. 0.49 Lacs	₹. 977.58 Lacs	₹. 2.00 Lacs	₹. 950.74 Lacs	-
Total Liabilities	₹. 959.24 Lacs	₹. 571.63 Lacs	₹. 0.49 Lacs	₹. 977.58 Lacs	₹. 2.00 Lacs	₹. 950.74 Lacs	-
Details of Investment (Excluding Investment in Subsidiaries)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Turnover	₹. 365.35 Lacs	₹. 102.31 Lacs	₹. 0.00 Lacs	₹. 324.12 Lacs	NIL	NIL	NIL
Profit/(Loss) Before Tax	₹. 35.69 Lacs	(₹. 26.80 Lacs)	(₹. 0.36 Lacs)	(₹. 169.66 Lacs)	NIL	(₹. 66.47 Lacs)	(₹. 17.61 Lacs)
Provision for Tax	₹. 11.75 Lacs	NIL	NIL	NIL	NIL	NIL	NIL
Profit/(Loss) After Tax	₹. 23.94 Lacs	(₹. 26.80 Lacs)	(₹. 0.36 Lacs)	(₹. 169.66 Lacs)	NIL	(₹. 66.47 Lacs)	(₹. 17.61 Lacs)
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL

*These shares were allotted by the company without any par value

Notes:

- None of the above companies has proposed any dividend
- The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.
- The foreign exchange rate used for conversion of foreign currency as on 31st March 2012; US\$ @ ₹. 51.16 and Singapore \$ @ ₹. 40.44
- The annual accounts of the subsidiary companies & the related detailed information will be made available to the investor, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investors in the Registered Office of your company and that of Subsidiary concerned.

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors,

KERALA AYURVEDA LIMITED

1. We have audited the attached Consolidated Balance Sheet of Kerala Ayurveda Limited and its Subsidiaries (the Group) as at 31st March, 2012 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed there to. These consolidated financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting standard (AS-21) Consolidated financial statements and (AS-23) Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. We did not audit the financial statements of Ayurvedagram Heritage Wellness Centre Private Limited, Ayurvedic Academy Inc., Ayu Inc., Ayu Natural Medicine Clinic PS., CMS Katra Holdings LLC, CMS Katra Nursing LLC and Nutraveda PTE Ltd, subsidiaries whose financial statements reflect total assets of ₹.3414.52 Lacs and total net revenue of ₹.791.79 Lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is solely on the report of the other auditors.
5. Based on our audit and on consideration of the report of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the consolidated Balance Sheet, of the state of the Group as at 31st March, 2012;
 - b) In the case of the consolidated Profit and Loss Account, of loss of the Group for the year ended on that date; and
 - c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Maharaj Rajan & Mathew,
Chartered Accountants
Firm Regn No: 001932S

Place : Kochi
Date : 14.08.2011

Mathew Joseph, Partner
Membership No.22658

KERALA AYURVEDA LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

A	Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
			Amount in ₹	Amount in ₹
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share Capital	2	105,556,700	105,556,700
	(b) Reserves and Surplus	3	(211,131,719)	(189,712,561)
	(c) Money Received against Share Warrants	4	1,432,494	1,432,494
			(104,142,525)	(82,723,367)
2	Non-Current Liabilities			
	(a) Long-Term Borrowings	5	462,318,492	557,224,256
	(b) Other Long-Term Liabilities	6	887,500	1,387,500
	(c) Long-Term Provisions	7	7,190,223	6,219,500
	(d) Minority Interest		7,908,028	7,290,555
			478,304,243	572,121,811
3	Current liabilities			
	(a) Short Term Borrowings	8	62,259,666	66,991,073
	(b) Trade Payables	9	23,884,035	35,082,881
	(c) Other Current Liabilities	10	30,666,768	25,825,063
	(d) Short-Term Provisions	11	4,505,248	5,507,594
			121,315,717	133,406,611
	TOTAL		495,477,435	622,805,055
B	ASSETS			
1	Non-Current assets			
	(a) Fixed Assets			
	(i) Tangible Assets	12	205,854,767	208,501,031
	(ii) Intangible Assets	13	11,507,113	19,183,655
	(b) Goodwill on Consolidation		102,317,136	98,006,946
	(c) Non Current Investments	14	1,017,500	1,017,500
	(d) Deferred Tax Assets (Net)		31,543,492	33,252,712
	(e) Long-Term Loans and Advances	15	46,005,297	53,747,615
	(f) Other Non Current Assets	16	20,009,446	13,003,980
			418,254,751	426,713,439
2	Current Assets			
	(a) Inventories	17	32,517,825	65,627,200
	(b) Trade Receivables	18	26,613,843	47,969,066
	(c) Cash and Cash Equivalents	19	12,715,516	38,034,865
	(d) Short-Term Loans and Advances	20	5,375,500	44,460,485
			77,222,684	196,091,616
	TOTAL		495,477,435	622,805,055
	Significant Accounting Policies See accompanying notes 1 to 35 forming part of the financial statements.	1		

In terms of our report attached.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com., FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED

CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2012

SL	Particulars	Note No.	For the year ended 31st March, 2012	For the year ended 31st March, 2011
			Amount in ₹	Amount in ₹
1	Revenue from operations	21	356,824,488	270,585,723
2	Other income	22	226,574	4,596,720
			357,051,072	275,182,443
	Less: Excise Duty & VAT		14,270,012	9,673,348
3	Total Revenue		342,781,060	265,509,095
4	Expenses			
	(a) Cost of Materials consumed	23	61,941,186	52,771,705
	(b) Purchases of Medicines (Stock In Trade)	24	3,890,249	4,075,665
	(c) Changes in Inventories of FG, WIP & Stock In Trade	25	29,397,395	690,973
	(d) Employee benefits expense	26	117,544,800	96,256,834
	(e) Finance costs	27	10,703,527	11,580,603
	(f) Depreciation and Amortisation expense	28	20,923,814	33,040,137
	(g) Other expenses	29	121,533,082	123,676,362
	(h) (Gain)/Loss on conversion to ₹.		(4,107,562)	2,934,391
	Total Expenses		361,816,491	325,026,671
5	Profit / (Loss) Before Extraordinary items and Tax (3 - 4)		(19,035,431)	(59,517,576)
6	Add: Extraordinary items		-	43,515,849
7	Profit / (Loss) Before Tax (7 - 8)		(19,035,431)	(16,001,727)
8	Tax expense:			
	(a) Current tax expense for current year		(737,132)	(270,470)
	(b) (Less): MAT credit (where applicable)		690,099	251,099
	(c) Deferred tax		(1,709,220)	(6,306,727)
	Total		(1,766,253)	(6,326,098)
9	Profit / (Loss) for the year after tax & Minority interest (9 ± 10)		(20,801,684)	(22,327,825)
10	Less: Minority interest		617,473	237,475
11	Profit / (Loss) for the year after Minority interest (11 ± 12)		(21,419,157)	(22,565,300)
12	Profit/Loss Brought forward from Previous years		(309,136,416)	(286,571,116)
13	Deficit Carried to Balance Sheet		(330,555,572)	(309,136,416)
14	Earnings/(Loss) Per Share			
	Basic & diluted (Nominal value of shares ₹. 10/- each)		(2.03)	(2.14)
	Significant Accounting Policies See accompanying notes 1 to 35 forming part of the financial statements.	1		

In terms of our report attached.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com.,FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

Note 1-Significant Accounting Policies

1.1 Principles of Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and comply with the Accounting standards on consolidated financial statements (AS 21) and on Accounting for investments in associates in consolidated financial statements (AS 23), issued by the Institute of Chartered Accountants of India.

1.2 Basis of Preparation

The financial statement of the Kerala Ayurveda Limited and its subsidiaries are prepared on historical cost convention, on the accrual basis of accounting. Foreign subsidiaries results/accounts have been converted into Rupees value at year end rate of 1 US\$ = ₹ 51.16 and 1 Singapore \$ = ₹ 40.44.

1.3 Fixed Assets

- Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
- Depreciation is charged on Straight line method/ Written down value method as the case may be at the rates permissible under applicable local laws. Intangible assets will be written off over a period of their estimated useful lives.

1.4 Use of estimates

The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.

1.5 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that has necessarily taken substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

1.6 Good Will

Good will arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Groups interest in the net value of identifiable assets, Liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Good will is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

1.7 Inventories

Raw materials, consumables and work-in-progress are valued at cost or net realizable value, whichever is lower. Stores and Spares are valued at cost.

1.8 Revenue Recognition

Sales are net of rebate and discount and include excise duty and VAT. Treatment income & Consulting charges is recognized on completion of each service & consultation and research/healthcare consultancy income is recognized on accrual basis

1.9 Transactions in Foreign Exchange

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities at the year end are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All exchange differences are dealt with in the statement of profit and loss account.

1.10 Employee Benefits / Retirement Benefits.

- Leave Encashment Benefit accounted on the basis that such benefits is payable to employees at the end of the year.
- Gratuity Provision is made based on actuarial valuation.
- Provident Fund contribution is as per the rate prescribed by the related Act.

1.11 Miscellaneous Expenditure

1/5 of the preliminary expenses and initial Advertisement & sales promotion expenditure are written off every year.

1.12 Research & Development.

Revenue expenditure on research and development is charged to Profit & Loss account. Capital expenditure on research and development is included as a part of fixed assets and depreciated on the same basis as other fixed assets.

1.13 Investments

Investments are stated at cost less provision for diminution other than temporary in their values.

1.14 Intangible Assets

Intangible assets are recognized on the basis of the future economic benefits that will flow to the enterprise. The assets are recorded at the price paid to acquire them.

1.15 Impairment of assets

Impairment loss if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of useful life.

1.16 Provision for Tax

Income tax and Deferred tax provision for the year is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted by using the tax rates and laws that are enacted or substantively enacted on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

1.17 Earnings Per Share

The basic and diluted earnings per share (EPS) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012		As at 31st March, 2011	
		Number of shares	Amount in ₹	Number of shares	Amount in ₹
2	Share capital				
	(a) Authorised Capital				
	Equity shares of ₹. 10/- each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
	(b) Issued Capital				
	Equity shares of ₹. 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
	(c) Subscribed and fully paid up				
	Equity shares of ₹. 10/- each with voting rights	10,555,670	105,556,700	10,555,670	105,556,700
		10,555,670	105,556,700	10,555,670	105,556,700
	Notes:				
	(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
	Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
	Equity shares with voting rights				
	Year ended 31 March, 2012		-	-	
	- Number of shares	10,555,670	-	-	10,555,670
	- Amount (in ₹.)	105,556,700			105,556,700
	Year ended 31 March, 2011				
	- Number of shares	10,555,670	-	-	10,555,670
	- Amount (in ₹.)	105,556,700	-	-	105,556,700
	(ii) Rights, Preferences and restrictions attached to Equity Shares:				
	The Company has one class of equity shares, having a par value of ₹. 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company in proportion to their share holding.				
	(iii) Details of shares held by each shareholder holding more than 5% shares:				
	Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
	Equity shares with voting rights				
	Katra Holdings Ltd	6,493,435	61.52%	6,493,435	61.52%
	(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:				
	Particulars	Equity shares with voting rights-No of Shares			
		Opening Balance	Fresh issue	Buy back	Closing Balance
	As at 31 March, 2012				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435
	As at 31 March, 2011				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
3	<u>Reserves and Surplus</u>		
	Capital Reserve	3,110,879	3,110,879
	Share Premium	114,514,976	114,514,976
	General reserve	1,798,000	1,798,000
	Surplus / (Deficit) in Statement of Profit and Loss		
	At the commencement of the year	(309,136,417)	(286,571,116)
	Add: Profit / (Loss) for the year	(21,419,157)	(22,565,300)
	Less: Minority Interest	-	-
	Net Surplus / (Deficit) in the Statement of Profit and Loss	(330,555,574)	(309,136,416)
	Total	(211,131,719)	(189,712,561)
4	<u>Money Received against Share warrants</u>		
	Warrant Application Money	1,494	1,494
	Share Warrant Application Money Forfeited	1,431,000	1,431,000
	Total	1,432,494	1,432,494
5	<u>Long-term borrowings</u>		
	(a) Term loans		
	From banks		
	Secured	29,908,094	39,151,476
	From Others		
	Unsecured	1,953,566	596,967
	(b) Loans and advances from related parties		
	Unsecured		
	From Share Holders	1,270,183	1,270,183
	From Group Companies	429,186,649	516,205,630
	Total	462,318,492	557,224,256
Note: Above term Loan from The Ratnakar Bank Limited is secured by Equitable Paripassu Mortgage of Land & Building, Personal Guarantee of Two Directors and Corporate Guarantee of Holding Company M/s Kerala Ayurveda Ltd			
6	<u>Other Long-Term Liabilities</u>		
	Deposits received from customers	887,500	1,387,500
	Total	887,500	1,387,500
7	<u>Long-term Provisions</u>		
	Provision for Gratuity	7,190,223	6,219,500
	Total	7,190,223	6,219,500
8	<u>Short Term borrowings</u>		
	Secured Loan-Repayable on Demand		
	AXIS Bank Limited-(OCC Limits)	53,590,037	53,104,144
	(Credit Facilities from AXIS Bank are secured Against company's entire current assets including Inventories, Book debts & other current assets present and future, Collateral in the form of equitable mortgage of land belonging to one of the directors, and personal guarantee of one of the Directors)		

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
	Term Loans-Ratnakar bank Ltd (Repayable within 1 year) Equitable Paripassu Mortgage of Land & Building, Hypothecation of other Fixed Assets and Current Assets and Personal Guarantee of One Director	8,669,629	5,845,781
	Term Loans-Axis Bank Ltd (Repayable within 1 Year) Equitable Paripassu Mortgage of Land & Building, Hypothecation of other Fixed Assets and Current Assets and Personal Guarantee of One Director		8,041,148
	Total	62,259,666	66,991,073
9	Trade Payables		
	Sundry Creditors- Mfgs.	9,812,510	14,451,794
	Sundry Creditors- Others	14,071,525	20,631,087
	Total	23,884,035	35,082,881
	Note: Dues to Micro, Small and Medium Enterprises under MSMED Act based on the available information with the company	1,136,168	855,603
10	Other current liabilities		
	Advances from Customers	10,212,348	8,357,227
	Statutory Liabilities	6,206,436	2,177,907
	Accrued Employee Liabilities	7,950,315	6,533,725
	Rent Payable	2,726,407	2,529,654
	Other Current Liabilities	3,571,262	6,226,550
	Total	30,666,768	25,825,063
11	Short-term provisions		
	Provision - Others:		
	Bonus Payable	3,043,816	1,174,595
	Privilege Leave Encashment Payable	400,344	1,228,500
	Gratuity Payable	323,956	275,420
	Provision for Project Clinical Expenses		2,558,609
	Provision for taxation	737,132	270,470
	Total	4,505,248	5,507,594
13	Intangible Assets		
	Deferred Amalgamation Expenditure		235,208
	Deferred Expenditure Brand Design	978,378	3,256,866
	Good will and Project Expenses	10,328,557	15,473,983
	Pre operative expenses	200,178	217,598
	Total	11,507,113	19,183,655
14	Non Current Investments		
	In Subsidiary Companies(Long Term)		
	Non Trade		
	(Quoted, At cost)		
	500 equity shares of Rs 10 each fully paid up in		
	Canara Bank-Market Value Rs 473.65 PY Rs 626.15 Per Share	17,500	17,500
	(Unquoted, At cost)		
	100 Equity Shares of Rs. 10000/- each in	1,000,000	1,000,000
	Confederation for Ayurvedic Renaissance Kerala Pvt Ltd		
	Total	1,017,500	1,017,500

Note 12 Fixed Assets

Tangible assets	Gross block				Depreciation			Net Book	
	Balance as at 1 April, 2011	Additions	Disposals	Effect of Foreign Currency Translations differences	Other adjustments (Forced Financials & disposal of assets)	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Balance as at 31 March, 2012	Balance as at 31 March, 2011
(a) Land									
Freehold	80,930,477	-				80,930,477		80,930,477	80,930,477
(b) Buildings									
Own use	74,502,163	1,316,335		292,200		76,110,698	1,892,206	78,002,904	55,662,167
Given under operating lease	2,004,163					914,169	459,417	1,360,286	1,008,814
(c) Plant and Equipment									
Owned	33,903,571	1,893,992				35,797,563	1,618,720	37,416,283	17,702,712
(d) Furniture and Fixtures									
Owned	61,301,714	1,288,664		116,894		62,707,272	3,898,151	66,605,423	31,730,038
(e) Vehicles									
Owned	2,673,039	1,471,501			(122,354)	4,022,186	122,534	3,900,152	1,782,505
Taken under finance lease									
(f) Office equipment									
Owned	12,813,008	811,773		75,225		13,699,006	705,836	14,404,842	3,821,189
(g) Others (Computers),									
Owned	8,150,849	424,114		51,330		8,626,293	1,210,542	9,836,835	2,554,219
(h) Others (Electrical fittings)									
Owned	4,070,780	72,783				4,143,563	195,255	4,338,818	1,778,332
(i) Others (Miscellaneous fixed assets)									
Owned	2,442,467	90,930				2,533,397		2,533,397	2,442,467
Total	201,128,733	7,299,748		538,658		208,967,139	10,191,681	219,158,820	208,901,031
Previous year	304,910,519	7,693,068	21,375,427	(38,620)		323,289,546	9,582,811	332,872,357	287,678,800

Note: 1. Land & Development included ₹ 10.10 lakhs for a portion of the land at Bangalore, even though the sale deed is yet to be registered, the company has obtained power of attorney and is in full possession of the said property.

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
15	Long-Term loans and advances (Unsecured, considered good unless otherwise stated)		
	Deposits with Govt. Authorities	840,440	1,618,940
	Deposits with others	7,215,136	6,048,891
	Income Tax advance	1,309,000	3,073,008
	Project Expenses	1,865,272	8,847,572
	MAT credit Entitlement	2,385,395	1,706,296
	WIP Nurse Training Deferred	32,390,054	32,390,054
	Other Loans & Advances	-	63,854
	Total	46,005,297	53,747,615
16	Other Non Current Asset		
	Capital Advances	20,009,446	13,003,980
	Total	20,009,446	13,003,980
17	Inventories (Inventory as taken, valued and certified by the management) (At lower of cost and net realisable value)		
	Finished Goods	18,894,392	46,649,251
	Furnace Oil	273,123	103,312
	Packing Material	1,548,287	3,167,251
	Raw Material	5,263,732	6,772,491
	Stores & Spares	359,194	209,226
	Work in Progress	6,179,097	8,725,669
	Total	32,517,825	65,627,200
18	Trade receivables (Unsecured, considered good unless otherwise stated)		
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	4,696,208	21,784,520
	Other Trade receivables	21,917,635	26,184,546
	Total	26,613,843	47,969,066
	Note: Trade receivables include debts due from:		
	Directors *	NIL	NIL
	Other officers of the Company *	NIL	NIL
	Firms in which any director is a partner	996,433	736,801
	Private companies in which any director is a director or member	NIL	248,795
19	Cash and cash equivalents		
	(a) Cash on hand	-	-
	(b) Balances with banks	612,085	692,166
	(i) In Current accounts	8,946,050	9,365,346
	(ii) In Deposit accounts	-	-
	Bank Deposits with original maturity for more than 12 months	2,794,627	2,532,890
	(c) Others (Cheques in hand)	41,109	25,200,000
	(d) Credit Cards	321,645	244,663
	Total	12,715,516	38,034,865
	Note: Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is Rs 1,27,15,516 (Previous Year Rs 3,80,34,865/-)		
20	Short-term loans and advances (Unsecured, considered good unless otherwise stated)		
	Advance for Purchase	168,524	271,239
	Other Advances	5,085,345	8,671,484
	Receivable on Sale of Software Project	-	35,400,000
	Prepaid expense	79,682	7,658
	Prepaid Insurance	61,949	69,405
	Books & Study Materials	-	40,699
	Total	5,375,500	44,460,485

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

Notes	Particulars	As at 31st March, 2012	As at 31st March, 2011
		Amount in ₹.	Amount in ₹.
21	Revenue from Operations		
	(a) Sale of products	194,736,761	154,412,392
	(b) Sale of services	162,087,737	116,173,331
	Total	356,824,498	270,585,723
	(i) Sale of products comprises : Sale of Ayurvedic Medicine	194,736,761	154,412,392
	Total - Sale of goods	194,736,761	154,412,392
	(ii) Sale of services comprises : Treatment Income	79,576,142	49,562,249
	Research Consultancy	34,825,000	26,417,875
	Training Income	32,881,004	29,044,883
	Other Operational Income	5,085,846	-
	Registration Fees	2,464,480	2,050,170
	Income from nursing service	-	484,204
	Ayu service income	7,255,265	8,613,950
	Total - Sale of services	162,087,737	116,173,331
22	Other Income		
	Sale of Scrap	-	61,127
	Miscellaneous Receipts	1,535	4,269,490
	Interest Received	219,539	135,423
	Dividend Income	5,500	-
	Forex Fluctuation gain	-	130,680
	Total	226,574	4,596,720
23	Cost of materials consumed		
	Raw Material		
	Opening stock	6,927,607	6,353,974
	Add: Purchases	46,087,388	42,176,160
	Less: Closing stock	5,474,030	6,927,607
	(A)	47,540,965	41,602,527
	Packing Material		
	Opening Stock-Packing Material	3,167,251	2,946,834
	Add: Purchase - Packing Material	12,781,257	11,389,595
	Less: Closing Stock	1,548,287	3,167,251
	(B)	14,400,221	11,169,178
	Cost of material consumed(A+B)	61,941,186	52,771,705
24	Purchase of Stock In Trade		
	Purchase of Medicines	3,880,249	4,075,665
	Total	3,880,249	4,075,665
25	Changes in inventories of stock of F.G, WIP & Stock in trade		
	Inventories at the end of the year:		
	Stock of FG,WIP & Stock in Trade	22,242,635	51,107,086
	Inventories at the beginning of the year:		
	Stock of FG,WIP & Stock in Trade	51,640,030	51,798,059
		51,640,030	51,798,059
	Net (increase) / decrease	29,397,395	690,973
26	Employee benefits expense		
	Salaries and wages	107,951,812	88,610,342
	Contributions to provident fund	5,289,009	4,900,202
	Staff welfare expenses	4,303,978	2,746,290
	Total	117,544,800	96,256,834
27	Finance costs		
	(a) Interest expense on:		
	(i) Borrowings	8,813,264	9,707,963
	(ii) Others		
	- Interest on Vehicle Loans	54,515	64,654
	- Bank Charges	894,275	1,121,184
	- Other Interest	941,473	686,802
	Total	10,703,527	11,580,603

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

28	Depreciation and Amortisation expense		
	Depreciation	10,191,661	9,592,611
	Miscellaneous Expenses Written off	2,077,366	5,511,126
	Amortisation of Goodwill & Project Expenses	8,654,787	5,686,526
	Amortisation of Goodwill on Merger	-	6,720,868
	Amortisation of Software	-	5,529,006
	Total	20,923,814	33,040,137
29	Other expenses		
	Rent	12,797,813	10,940,291
	Rates and Taxes	1,957,911	1,521,665
	Legal & Professional charges	4,410,153	4,757,182
	Directors Expenses	-	16,000
	Directors Sitting Fee	170,000	240,000
	Research and Development Expenses	1,150,945	581,163
	Travelling -Others	3,005,823	919,128
	Loss on sale of fixed Asset	-	432,261
	Publication Expenses	294,902	438,229
	Repairs & Maintenance- Others	2,469,739	3,641,038
	Vehicle Maintenance	117,619	97,365
	Insurance	103,713	117,494
	Founders Day Expenses	-	572,293
	Electricity charges	1,324,414	1,546,536
	Printing & Stationery	1,971,775	1,738,157
	Postage & Telephone	4,926,352	3,629,066
	Secreterial Expenses	716,436	733,425
	Repairs & Maintenance Branch assets	1,092,450	1,011,806
	Forex Fluctuation Loss	26,209	225,325
	Project Ojus related expense	2,510,310	11,873,027
	Conveyance Expenses	1,802,322	746,084
	Canteen Expenses	1,194,733	1,052,793
	Bad Debts W/Off	4,621,943	5,573,440
	Electricity charges (Branches/Depot)	1,545,857	478,136
	Independent Contractor	758,943	989,628
	Office Expenses	835,349	1,427,760
	Utilities & Energy	582,891	515,594
	Other Administrative Expenses	5,153,765	12,947,748
	Audit fee	276,180	262,395
	Travelling -Sales Staff	8,968,399	8,995,189
	Advertisements	1,117,184	1,228,920
	Commission & Discount	8,518,493	7,300,624
	Training Expenses	8,468,681	310,147
	Freight Outward	3,433,827	3,227,552
	Sales promotion exp	6,530,410	9,006,092
	Other Selling & Distribution Expenses	8,510,382	2,344,924
	Fuel Consumed	8,743,276	6,062,402
	Electricity charges	1,032,403	1,014,667
	Repairs to Plant & Machinery	1,272,781	667,606
	Repairs to Building	1,067,623	155,014
	Job Works	2,863,373	2,189,851
	Other Manufacturing Expenses	1,813,881	7,008,527
	Cultivation Expenses	111,051	151,106
	Treatment Expenses	3,262,771	4,988,912
	Total	121,533,082	123,676,363
Note:			
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):			
As auditors - statutory audit			
	180,150	145,150	
For taxation matters			
	26,030	26,030	
For company law matters			
	37,500	85,615	
For other services			
	10,000	-	
Reimbursement of expenses			
	22,500	5,600	
	Total	276,180	262,395

KERALA AYURVEDA LIMITED

Notes forming part of Consolidated Financial Statements for the year ended 31st March, 2012

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CONSOLIDATION

a. Nutraveda Pte Ltd incorporated in Singapore on 29th June 2009 is yet to commence business.

b. Details of Subsidiaries

Name of the company	Country of Inc.	% of Voting Power	Financial year
Ayanadagram Heritage Wellness	India	74%	April-March
Aya Natural Medicine Clinic, PS.	USA	100%	April-March
Ayurvedic Academy INC.	USA	100%	April-March
Aya INC.	USA	100%	April-March
Nutraveda Pte Ltd	Singapore	100%	April-March
CMS Kalra Holdings LLC	USA	81.87%	April-March
CMS Kalra Nursing LLC *	USA	100%	April-March

* CMS Kalra Nursing LLC, is a step down Wholly owned subsidiary of the company where CMS Kalra Holdings LLC holds 51% voting power and 49% is held thru Aya Inc.

31 Related party transactions

Description of relationship	Names of related parties
Holding Company	Kalra Holdings Ltd, Maurilius
Associates	All Seasons Herbs Pvt. Ltd. Arudra Developments Pvt. Ltd. Asha Medical Foundation Pvt. Ltd. Global AgriSystem Pvt. Ltd. & its Subsidiaries Kalra Holding Pvt. Ltd. Kalra Marine Pvt. Ltd. Kalra Phytochem India Pvt. Ltd. Mason & Summers Alcobex Pvt. Ltd & its Subsidiaries Mason & Summers Leisure Pvt. Ltd. Kalra Finance Ltd, Maurilius Seagrow Bio-Technics India Pvt. Ltd.
Managerial Person-Director	Dr K. Anil Kumar Mr S K Arunkumar
Relative of key Managerial Person	Mrs Sunitha Anilkumar Mrs Chithra Gopinath

Note: Related parties have been identified by the Management.

	March 31, 2012	March 31, 2011
Purchase of raw Materials- All Season Herbs Pvt Ltd	4,006,243	4,106,484
Rendering of services- Global Agri Systems Pvt Ltd	134,617	375,229
Rendering of services- Global Nutrifoed Pvt Ltd	393,811	68,713
Rendering of services- Kalra Holding Pvt Ltd	419,785	1,609,366
Rendering of services- Mason & Summers Leisure Pvt Ltd	4,020	18,787
Rendering of services- Kalra Phytochem India Pvt Ltd	-	89,234
Receiving of services- Mason & Summers Leisure P Ltd	1,391,416	4,035,481
Rent Paid-Sunitha Anil Kumar and Chithra Gopinath	1,026,000	1,020,000
Managerial remuneration-Dr K Anilkumar	3,000,000	3,000,000
Professional Fees Paid	-	900,000
Reimbursement of Expenses by Kalra Holding Pvt Ltd	1,358,258	1,273,723
Borrowings (including loans)- Kalra Holding Pvt Ltd	119,315,000	171,975,000
Repayment of Loans-Kalra Holding Pvt Ltd	131,800,000	79,500,000

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Contingent Liabilities

- The company has given a bank guarantee of ₹ 1,000,000/- to The Ministry of Indian Affairs, Office of Protector General of Emigrants, New Delhi.
- The company has given a bank guarantee of ₹ 1,000,000/- to Health & Family Welfare Dept, Government of Kerala towards security deposit for giving permission to start one year para medical certificate course in Ayurveda Therapy.
- The company has given a bank guarantee of ₹ 90,000/- to Commissioner, Delhi Value Added Tax towards VAT registration at Delhi
- The company has given a bank guarantee of ₹ 50,000/- to Commissioner, Delhi Value Added Tax towards F Form.

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Deferred tax assets/(liabilities)

Particulars	As at 31, 2011	March Movement	As at March 31, 2012
Book/Tax depreciation difference	(15,947,916)	564,858	(15,383,058)
Provision for Gratuity	2,169,584	306,630	2,476,214
Carry forward of business Loss	29,905,646	(2,579,963)	27,325,683
Expense Allowed on Payment basis	19,577	(20,745)	(1,168)
Unabsorbed Depreciation Carried forward	17,105,823	-	17,105,823
Total deferred tax liability	33,262,712	(1,799,220)	31,543,492

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KERALA AYURVEDA LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	For the year Ended March 31, 2012	For the year Ended March 31, 2011
	Amt in ₹.	Amt in ₹.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Interest	(12,439,466)	(1,486,732)
Adjustment for:		
Interest Received	(219,539)	(135,423)
Dividend Received	(5,500)	(5,000)
Depreciation	10,191,661	9,592,611
Goodwill written Off		6,720,868
Miscellaneous Expenditure & Deferred Exp W /off	10,732,153	11,197,652
Deferred Expenditure, Goodwill & Patent	(3,055,611)	(937,362)
Amortisation of Soft Ware		5,529,006
Long term Capital gain on sale of land & Software rights		(43,515,849)
(Profit)/Loss on sale of fixed assets		401,753
Operating profit before working capital changes	5,203,699	(12,638,476)
Adjustments for:		
Trade receivables	21,355,223	5,458,711
Short-term loans and advances	39,084,986	(35,669,581)
Other Non Current Asset	(7,005,466)	(18,186,326)
Inventories	33,109,375	(1,752,950)
Long-term loans and advances	7,742,318	9,650,714
Long-term Provisions	970,723	792,590
Other long-term liabilities	(500,000)	153,000
Trade payables	(11,198,846)	8,612,909
Other current liabilities	4,841,705	(24,624,963)
Short-term provisions	(1,002,346)	728,500
Cash generated from operations	87,397,671	(54,837,396)
Direct taxes paid	(57,033)	(19,371)
Net cash from operating activities A	92,544,336	(67,495,243)
B.CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(7,289,740)	(7,633,266)
Sale of fixed assets		88,918,560
Investment	(4,348,600)	(300,000)
Gain on Conversion to INR	3,890,314	(2,666,512)
Dividend Received	5,500	5,000
Interest Received	219,539	135,423
Net cash used in Investing activities B	(7,522,988)	78,439,205
C.CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase/(Decrease) in Working Capital Borrowings	485,893	(734,201)
Repayment (-)/ Proceeds(+) of Secured Loans	(14,460,682)	52,064,230
Repayment (-)/ Proceeds(+) of UnSecured Loans	(85,662,382)	(20,819,203)
Interest paid	(10,703,527)	(11,580,603)
Net cash from financing activities C	(110,340,697)	18,930,223
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(25,319,348)	29,874,184
CASH & CASH EQUIVALENTS		
Cash & Cash Equivalents at Beginning of year	38,034,865	8,160,681
Cash & Cash Equivalents at End of year	12,715,516	38,034,865

In terms of our report attached.

For **MAHARAJ RAJAN & MATHEW**,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH B.Com.,FCA
Partner
MEM REGN No. 22658

Aluva
14th August, 2012

For and on behalf of the Board of Directors
KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED **LIST OF HOSPITALS, TREATMENT CENTRES, CLINICS, DEPOTS, ACADEMY & HEALTH RESORT**

HOSPITALS IN KERALA

KERALA AYURVEDA HOSPITAL
AMRITHAM HOSPITAL
 BANK ROAD,
 ALUVA-683 101.
 ERNAKULAM DIST.
 PH: 0484-2626119, 2623578

KERALA AYURVEDA HOSPITAL
KAMATH HOSPITAL WING
 NEAR NEW BUS STAND
 MANGALORE ROAD,
KASARGODE-671 121.
 PH: 0489-4222519

TREATMENT CENTRES IN KERALA

KERALA AYURVEDA WELLNESS CENTER
OLD WARRIAM ROAD EAST
 A.M. THOMAS ROAD,
ERNAKULAM-682 016.
 PH: 0484-2375292, 2378198

KERALA AYURVEDA WELLNESS CENTER
 XXVII/478, THEJUS,
 OFF MANDELATH C MART, TOLL JN,
EDAPALLY, ERNAKULAM-682 016.
 PH: 0484-2557244

CLINICS IN KERALA

KERALA AYURVEDA CLINIC
KOTTAKKAL BUILDINGS,
PREMIER JUNCTION,,
KALAHASSERY-683104.
ERNAKULAM DIST
 PH: 0484-2556770

KERALA AYURVEDA CLINIC
FACT EMPLOYEES BUILDING
UDYOGAMANDAL
ERNAKULAM DIST-683 501
 PH: 0484-2546313

KERALA AYURVEDA CLINIC
SOUTH NADA P.O.,
VAIKOM.
KOTTAYAM DIST-682 041
 PH: 04829-215943

KERALA AYURVEDA CLINIC
SCB BUILDING NEAR ELAMKAVU
TEMPLE
VADAYAR-686 605
KOTTAYAM DIST.
 PH: 04829-237395

KERALA AYURVEDA CLINIC
SHOP NO.37/421
S.N.JUNCTION
PARAVATTOM
ERNAKULAM-682205
 PH: 0484-2344414

KERALA AYURVEDA CLINIC
SHOP NO.158D
THADYANTHATHIL BUILDING
NEAR BUS STAND
KURUVILANGADU, KOTTAYAM DIST
 PH: 04822-234887

KERALA AYURVEDA CLINIC
MAX FLORA,
UPPALA
KASARGODE- 670 322.

KERALA AYURVEDA CLINIC
NADAPARAMBIL ARCADE
CUSHADHI JN
PERUMBAYOOR
 PH DR. VANI -9495941641

KERALA AYURVEDA CLINIC
MAIN ROAD
AYYAPPANKAVU
ERNAKULAM, KOCHI 12
 PH DR. REMYA - 0484 2390151

KERALA AYURVEDA CLINIC
CHATHANATTU BUILDING
OPP GOVT. HOSPITAL, MC ROAD
KODIATTUWILAM
 PH DR. ANNESH-8089894448

HEALTH RESORT

AYURVEDAGRAM HEALTH RESORT
AYURVEDAGRAM HERITAGE WELLNESS
CENTRE P L, KEMANDANAHALLI,
SAMETHANAHALLI POST
VIA WHITEFIELD, BANGALORE-560 067.
KARNATAKA
 PH: 080-27945428, 85651090

HOSPITAL WING

VIDYEH AYURVEDAGRAM
VIDYEH HOSPITAL WING
 82, EPIP AREA, **WHITEFIELD,**
BANGALORE - 560 066, KARNATAKA
 PH: 080-28412956

TREATMENT CENTRES-OUTSIDE KERALA

KERALA AYURVEDA WELLNESS CENTER
 AD 20(PLOT NO.3237)
 5th AVENUE
ANNA NAGAR,
CHENNAI-600 040.
TAMIL NADU
 PH: 044-26214903

KERALA AYURVEDA WELLNESS CENTER
 No 3282, 12TH MAIN,
 HAL IIND STAGE,
HOISA NAGAR,
BANGALORE-560 038.
KARNATAKA
 PH: 080-25262515

KERALA AYURVEDA WELLNESS CENTER
 #400, 10TH MAIN,
 6TH BLOCK,
KORAHANGALA, BANGALORE-560 095,
KARNATAKA
 PH: 080-41699699

KERALA AYURVEDA WELLNESS CENTER
 No.15,SWATHI, 80FT ROAD,
 HNT LAYOUT,
RTI NAGAR, BANGALORE-560 032.
KARNATAKA
 PH: 080-23339455

KERALA AYURVEDA WELLNESS CENTER
 6-3-906/B/1, SOMAJIGUDA
 NEAR YASODA SPECIALITY HOSPITAL
HYDERABAD-500 082.
ANDHRA PRADESH
 PH: 040-66613357

KERALA AYURVEDA PANCHAKARMA
CENTER
 S S HOSPITAL, BANARAS HINDU
 UNIVERSITY,
 GREEN PARK MAIN MARKET ROAD,
VARANASI-5, UP
 PH: 0542-8540980, 9235502847

KERALA AYURVEDA WELLNESS CENTER
 E-2, GREEN PARK EXTN,
 GREEN PARK MAIN MARKET ROAD,
NEW DELHI-110 016.
 PH: 011-41754888/41759347

KERALA AYURVEDA WELLNESS CENTER
 HOUSE NO 12, SECTOR 2,
 TRIKUTA NAGAR,
JAMMU-180 012.
 PH: 0191-2470659, 97962-34666

KERALA AYURVEDA WELLNESS CENTER
 AAROGYAM,52, DHULESHWAR SAGH
 SARDAR PATIL MARG, C-Scheme,
JALPUR - 302 001,RAJASTHAN
 PH: 0141-4022422

FRANCHISEE CLINIC- KERALA

KERALA AYURVEDA CLINIC
 OPP NEW KSRTC BUS STAND
 FORT ROAD,
NORTH PARUR,
ERNAKULAM DIST.
 PH: 0484-2445718

KERALA AYURVEDA CLINIC
ATHANI JUNCTION
NEDUMSASSERY
ERNAKULAM
 PH: 0484-3112030/ 99952-90521

ACADEMY

KERALA AYURVEDA ACADEMY
 HRD CENTER, BANK EMPLOYEES SOCIETY
 HALL BLDG, PALACE ROAD, BANK
 JUNCTION
ALUVA - 683 101. PH: 0484-2628707

CLINICS OUTSIDE KERALA

KARNATAKA
KERALA AYURVEDA CLINIC
 12, BOWRING HOSPITAL ROAD,
SHIVAJI NAGAR, BANGALORE-560 001.
 PH: 080-25591825

KERALA AYURVEDA CLINIC
 NO.285, WHITEFIELD MAIN ROAD,
 OPP STATE BANK OF MYSORE,
WHITEFIELD, BANGALORE-560 065.
 PH: 080-28456212

MAHARASHTRA:
KERALA AYURVEDA CLINIC
BARC, ANUSAKHINAGAR
TROMBAY, MUMBAI-400 094.
 PH: 022-25588595

KERALA AYURVEDA CLINIC
NAVINASHA,126,
DADASAHEB PHALKE ROAD
DADAR, MUMBAI-400 014.
 PH: 022-24113101

KERALA AYURVEDA CLINIC
 DISPENSARY COMPLEX,
 SNMS AYURVEDA DISPENSARY,
 3 & 4, PROJECT COLONY,
TARAFUR, TAPP P.O-401 504.
 PH: 02525-263823

TAMILNADU:

KERALA AYURVEDA CLINIC
 NEW NO 29, PERIYAR PATHAI,
 CHODLAIMEU WEST,
VADAPALANI, CHENNAI-600 094.
 PH:044-23614344

DEPOT OUTSIDE KERALA:

KERALA AYURVEDA DEPOT
 NO.12, BOWRING HOSPITAL ROAD
SHIVAJI NAGAR, BANGALORE-560 001.
KARNATAKA
 PH: 080-25596184

KERALA AYURVEDA DEPOT
 DOOR NO-4/796
VELAKANNI NAGAR
VANDIYOR MAIN ROAD
ANNA NAGAR
MADURAI- 625 020
 PH: 0452-2522772

KERALA AYURVEDA DEPOT
 6-3-906/B/1, 1st FLOOR, SOMAJIGUDA
 BEHIND YASODA SPECIALITY HOSPITAL
HYDERABAD-500 082.
 PH: 040-66613357

KERALA AYURVEDA DEPOT
 104, 1st FLOOR,
 GAURI COMMERCIAL COMPLEX
 PLOT NO.19, SECTOR 11,
 CBD BELAPUR,
NAVI MUMBAI -400 814
 PH: 022-37581075

KERALA AYURVEDA DEPOT
 C&A ISHTA ENTERPRISES
 38, DENGAM JAIN SOCIETY,
 KASHIB ROAD, NANIP,
AHMEDABAD- 380 014
 PH: 079-27540263

KERALA AYURVEDA DEPOT
 P K-13 A,
 HAUZ KHAS ENCLAVE
NEW DELHI-110 016
 PH: 011-4636 0000 EXTN -120

KERALA AYURVEDA DEPOT
 C&F SAMBANDH VENTURES
 16,SRISRAGAM ST, PAMER NAGAR,
MOGAAPPAI, CHENNAI-600037.
 PH: 0 98844 85161

KERALA AYURVEDA LIMITED

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

ANNUAL GENERAL MEETING**Attendance Slip**

Folio No./DPID No./Client ID No. :

Name of the shareholder(s) :

No. of shares :

I/We hereby record my/our presence at the ANNUAL GENERAL MEETING of the company on **Friday, the 28th September 2012** at **2.50 P.M** at **Green Park Auditorium, Desom, Aluva-683103**.

Signature of the Attending Member/Proxy

Notes:

1. Shareholders/Proxy holders who wish to attend the meeting are requested to bring this Attendance Slip to the meeting and hand it over at the entrance duly signed.
2. Shareholders/Proxy holders should bring their copy of the notice for the meeting
3. Shareholders desiring to appoint proxies to attend the meeting are requested to send the attached proxy form, duly completed and signed, to reach the Secretarial Department, Kerala Ayurveda Ltd, VII/415, Nedumbassery, Athani P.O, Aluva 683585, not less than 48 hours before the commencement of the meeting.
4. The registration at AGM venue shall be open only upto the time AGM starts. Shareholders are requested to be present before AGM time.

KERALA AYURVEDA LIMITED

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

ANNUAL GENERAL MEETING**Proxy Form**

I/We of being a Member/Members of KERALA AYURVEDA LTD hereby appoint or him of as my/our proxy to attend and vote for me/us on my/ our behalf at the Annual General Meeting of the company to be held on **Friday, the 28th September 2012 at 2.50 P.M** at **Green Park Auditorium, Desom, Aluva-683103** and at any adjournment thereof.

Signed this Day of 2012

Folio No./DPID No./Client No. :

No. of shares :

Affix Re.1/-
Revenue
Stamp

Signature.....

Note: The Proxy must be deposited at the Secretarial Department, KERALA AYURVEDA LTD, Regd. Off: VII/415, Nedumbassery, Athani P.O, Aluva-683585 not less than 48 hours before the commencement of the meeting.

THIS COUPON ENTITLES YOU TO PURCHASE KAL'S MEDICINES FROM THE COMPANY'S DIRECT OUTLETS (REFER PAGE 51) AT 15% DISCOUNT

15% DISCOUNT ON MRP ₹ 300/-

Name.....

Signature.....

Folio No.

VALID UPTO 31.03.2013

15% DISCOUNT ON MRP ₹ 300/-

Name.....

Signature.....

Folio No.

VALID UPTO 31.03.2013

15% DISCOUNT ON MRP ₹ 300/-

Name.....

Signature.....

Folio No.

VALID UPTO 31.03.2013

15% DISCOUNT ON MRP ₹ 300/-

Name.....

Signature.....

Folio No.

VALID UPTO 31.03.2013

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Email: info@ayurvedagram.com

*Conditions apply



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If undelivered, please return to:

Kerala Ayurveda Limited

Regd. Office & Factory: VII/415, Nedumbassery, Athani P.O., Ernakulam District, Kerala - 683585

Tel: 0484 - 2476301/2/3/4, Fax: 0484 - 2474376

Corporate Office: No.1134, 1st Floor, 100 Feet Road, HAL 2nd Stage, Indiranagar, Bangalore - 560008.

Tel: (+91) 080 - 41808000, Fax: 080 - 41808043, Email: info@keralaayurveda.biz

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