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ayurveda[®]

wellness naturally |



-  **KERALA** ayurveda academies
-  **KERALA** ayurveda clinics
-  **KERALA** ayurveda hospitals
-  **KERALA** ayurveda products
-  **KERALA** ayurveda resorts



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Kerala Ayurveda Limited

27TH ANNUAL REPORT

2018 - 2019

RANGE OF CLASSICAL AND PROPRIETARY PRODUCTS WERE LAUNCHED AT NATIONAL AYURVEDIC MEDICAL ASSOCIATION (NAMA) CONFERENCE APRIL 2019, LAS VEGAS, USA



NAMA is USA Practitioner's association with more than 1800 Practitioners. We successfully launched a range of products at this event which was attended by more than 400 Practitioners. We received a terrific response to our US FDA & Prop 65 compliant range of products at this event.

KERALA AYURVEDA ACADEMY PARTICIPATED IN INDO-AMERICAN WELLNESS POST CONCLAVE & EXHIBITION JUNE 2019, CALIFORNIA, USA



Kerala Ayurveda, US participated actively at the 'Wellness post Conclave & Expo 2019' endorsed by the Ministry of AYUSH, Government of India at Santa Clara Convention Center, California, USA.

KAL ANNUAL SALES MEET WAS CONDUCTED ON 16TH APRIL 2019 IN COCHIN WHERE TWO NEW PRODUCTS WERE SUCCESSFULLY LAUNCHED - CERVIGEST AND LUMBAGEST CAPSULES FOR SPINE CARE



KERALA AYURVEDA PARTICIPATED IN WORLD AYURVEDA CONGRESS EVENT IN TRIVANDRUM JAN 2019, MINISTRY OF AYUSH, GOVERNMENT OF INDIA



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ramesh Vangal, Chairman
 Dr. Kunjupanicker Anilkumar, Whole Time Director
 Mr. Kshiti Ranjan Das, Independent Director
 Mr. Anand Subramanian, Director
 Mr. Harish Kuttan Menon, Independent Director
 (With effect from 30th June, 2019)
 Mr. Naman Gurumurthi Joshi, Independent Director
 (With effect from 30th June, 2019)

CFO

Mr. Arvind Agarwal

COMPANY SECRETARY

Ms. Surbhi Sharma
 (With effect from 29th May, 2019)

REGISTERED OFFICE & FACTORY

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

CIN

L24233KL1992PLC006592

CORPORATE OFFICE

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

SECRETARIAL AUDITORS

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

BANKERS

Kotak Mahindra Bank Ltd

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Kshiti Ranjan Das, Chairman
 Mr. Anand Subramanian, Member
 Mr. Harish Kuttan Menon, Member
 (with effect from 30th June, 2019)

NOMINATION AND REMUNERATION COMMITTEE

Mr. Kshiti Ranjan Das, Chairman
 Mr. Ramesh Vangal, Member
 Mr. Naman Gurumurthi Joshi, Member
 (with effect from 30th June, 2019)

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Anand Subramanian, Chairman
 Dr. Kunjupanicker Anilkumar, Member
 Mr. Naman Gurumurthi Joshi, Member
 (with effect from 30th June, 2019)

REGISTRAR & TRANSFER AGENTS

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

STATUTORY AUDITORS

M/s. Biju George & Co.
 Chartered Accountants
 Vellaringattu Towers, Thodupuzha- 685584

INTERNAL AUDITORS

Mr. Mathew Joseph, Chartered Accountant
 32/2431, Kunnath Lane, SN Junction, Palarivattom
 Kochi-682 025

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CHAIRMAN'S STATEMENT

Dear Shareholders,

'Age is a reality: ageing is a choice'. We all would like to live longer. However, more than that, we would like to live better, more balanced, healthy and happier lives. That is the mantra Kerala Ayurveda Limited (KAL) is aspiring to deliver through a combination of knowledge, products and services.

The past five years have been on a steep learning path, wherein we have invested heavily into supply chain validation, research, development of new products and outreach with an objective to build the foundations of a large business, going forward. Today, we have the fundamental footprint in three sectors - Products, Education, and Services. KAL is 'Inspired by Ayurveda, Powered by Science and Propelled by Education'.



Here are some of the recent accomplishments which should bear fruit made in a major way over the coming years.

Kerala Ayurveda USA

In the United States, the KAL brand is being recognized as a major force. With over 2,500 graduates from the Kerala Ayurveda Academy, USA (KAA), we have access to a powerful network of committed practitioners. These are graduates who have completed anywhere between 700 hours and 2,500 hours of formal education from KAA. In the health freedom states of the United States, practitioners are allowed to practice and prescribe (within certain conditions) herbal Ayurveda products. Currently, KAA is the largest vocational Ayurveda education entity in the United States, with over 6,000 hours of formal education approved by California and Washington state government. We are now fuelling this powerful base with a range of 93 products (which go to 143 products in a few months), specially made for the USA. In particular, these products are being made compliant to California State Prop65 standard, which are probably the most stringent quality standard in the world. Initially, these products will be sold through our alumni network, but gradually will be expanded to the mainstream market. We will focus on digital marketing as an efficient way of reaching the market. These products are being launched in the 75 th year of Kerala Ayurveda Ltd's existence at a grand Wellness Conclave being held on September 27 th to 29 th in California, USA.

Kerala Ayurveda India

In India, we launched two exciting products - Cervigest and Lumbagest for spinal care and low-back care, respectively. This has been the most successful product launch for the company so far and heralds a new phase of rapid growth. Packaging has a key role to play in building brand recognition. We have completely revamped our product range with new clearer packaging with better brand presence. In addition, we are providing far greater information to our thousands of practitioners who buy our products with information leaflets, e-mailers, etc.

E-commerce launch

We are in the process of finalizing a new revamped e-commerce initiative which will be completed in October 2019. Our e-commerce business has witnessed a 10 fold increase in sales in recent months. The trends are positive and we expect this new channel to deliver greater results in the coming years.

KALPAM

KAL recently launched its KALPAM initiative (Kerala Ayurveda Partnership Model). We have strategically partnered with some leading doctors in Bangalore, Bombay and Delhi to start a chain of KALPAM clinics and Ayurveda therapy centres. We have recently inaugurated a 28 bed KALPAM hospital in Jalgaon, Maharashtra. We expect this channel to grow exponentially in the coming months and years. There will be more announcements in this going forward.

Overall, I believe your company has the right foundation for sustained growth and we will see strong development and results from this year onwards.

Ramesh Vangal
Chairman

26th August, 2019

BOARD'S REPORT

To

The Members

Your Directors have the pleasure in presenting the 27th Annual Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended 31st March, 2019.

FINANCIAL RESULTS

The Company's financial performance during the year 2018-19 as compared to the previous year 2017-18 is summarized below: in Lakhs

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Product Revenues	3881.57	3475.10	4108.34	3692.70
Service Revenues & Other Income	792.95	928.12	4347.93	2220.88
Gross Income	4674.52	4403.21	6235.39	5913.58
Less: VAT & Excise Duty	315.34	308.14	315.34	308.14
Net Income from Sales/Services	4359.18	4095.07	5920.05	5605.44
Profit before Interest, Depreciation & Tax (EBITDA)	311.42	546.58	522.88	786.65
Profit before extraordinary items and tax	47.16	340.07	181.89	416.65
Extra Ordinary items	127.91	0	127.91	0
Profit Before Tax	175.07	340.07	309.80	416.65
Net Profit/Loss after tax	119.87	230.05	252.33	287.65
Minority interest in Profit	0	0	7.87	7.12
Other Comprehensive Income	(6.53)	(54.56)	(130.78)	280.83
Net Consolidated Profit/Loss	113.34	230.05	113.68	586.77
Loss Brought forward from previous year	(496.92)	(781.53)	(1,473.77)	(1,567.25)
Loss Carried to the Balance Sheet	(914.94)	(496.92)	(1,891.45)	(1,473.77)

REVIEW OF OPERATIONS

During the Financial Year under review, the operational results ended with a profit before Extraordinary items of ₹ 47.16 Lakhs as against ₹ 340.07 Lakhs during previous year. The Net revenue of the company stands at ₹ 4359.18 Lakhs as against ₹ 4095.07 Lakhs during previous year showing a growth of 7.33%. The consolidated net revenue including its subsidiaries for current year is ₹ 6235.39 Lakhs against ₹ 5913.58 Lakhs during the previous year resulting in a growth of 5.44%.

During the year an unprecedented natural calamity struck Kerala and our operations severely. Three of our units are located in Aluva, one of the most affected areas in Kerala, were under water. We faced 8 weeks of severe disruption in production and sales. Almost 70% of our finished goods and 90% of raw materials were destroyed. This disruption has required extraordinary efforts towards repair, refurbishment and then for surplus working capital mobilization while managing complex insurance claims processing. Our company's resilience, motivated employees and management perseverance helped us recover.

During the year company's digital presence has substantially improved across social media and other platforms, website was upgraded. This will go in a long way to popularize "Kerala Ayurveda" Brand cost effectively.

KAL Labels and packaging have been completely revamped to meet the demands of new generation and for it to stand out against competitors.

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements related and the date of this report.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Your company has seven subsidiaries including one step down subsidiary as on 31st March, 2019 and the details are as under:

S L	Name	Location	% of holding
1	Ayurvedagram Heritage Wellness Centre Pvt Ltd.	India	74
2	Ayurvedic Academy Inc .	U S A	100
3	Suveda Inc. (formerly known as Nutraveda Inc.)	U S A	100
4	Ayu Natural Medicine Clinic , P S	U S A	100
5	CMS Katra Holdings L L C	U S A	81. 67
6	CMS Katra Nursing L L C	U S A	100*
7	Nutraveda Pte Ltd .	Singapore	100

*CMS Katra Holdings LLC holds 100% shareholding in CMS Katra Nursing LLC; hence CMS Katra Nursing LLC is a step down subsidiary of your company.

HIGHLIGHTS ON PERFORMANCE OF SUBSIDIARIES

Indian Subsidiary

During the year under review, M/s. Ayurvedagram Heritage Wellness Centre Pvt. Ltd. has achieved a turnover of ₹ 775.40 lakhs as against ₹ 763.94 lakhs in the previous financial year. Accordingly, the EBITDA of the company is ₹ 109.17 lakhs against ₹ 192.75 lakhs in the previous year.

Overseas Subsidiaries

The combined turnover of overseas subsidiaries was ` 930 Lakhs as compared to ` 852 Lakhs in the previous year. The performance of each of the subsidiaries of the Company is mentioned below:

a) AyurvedicAcademy Inc

The turnover Ayurveda Academy Inc during the financial year 2018-19 was 812 Lakhs as compared 744 Lakhs in the previous year. The profit of the subsidiary after taxes was Rs. 66.56 Lakhs as compared to 111.60 Lakhs in the previous year. Kerala Ayurveda Academy is currently offering certified courses in the state of Washington and California and also offers a distant learning course across USA.

b) Suveda Inc. (formerly known as Nutraveda Inc.)

The turnover of Suveda Inc. (formerly known as Nutraveda Inc.) during the financial year 2018-19 was 118 Lakhs as compared 108.02 in the previous year. The profit of the subsidiary after taxes was ` 3.34 Lakhs as compared to 12.10 in the previous year.

c) Ayu Natural Medicine Clinic , P S, USA

The turnover of Ayu Natural Medicine Clinic , P S, USA was nil during the financial year 2018-19 and in the previous year. The subsidiary has not earned any profit in the financial year 2018-19 and in the previous year.

d) CMS Katra Holdings LLC, USA

The turnover of CMS Katra Holdings LLC, USA was nil during the financial year 2018-19 and in the previous year. The subsidiary has not earned any profit in the financial year 2018-19 and in the previous year.

e) CMS Katra Nursing LLC, USA

The turnover of CMS Katra Holdings LLC, USA was nil during the financial year 2018-19 and in the previous year. The subsidiary has incurred a loss of 1.95 Lakhs as compared to the previous year loss of 3 Lakhs in the previous year.

f) Nutraveda Pte Ltd

The turnover of Nutraveda Pte Ltd was nil during the financial year 2018-19 and in the previous year. The subsidiary has not earned any profit in the financial year 2018-19 and in the previous year.

CONSOLIDATED FINANCIAL STATEMENTS

As per Rule 8 of Companies (Accounts) Amendments Rules, 2016, a report on the highlights of performance of subsidiaries, associates and joint venture companies and their contributions to the overall performance of the company during the period under report is attached as **Annexure-1**. Any member intending to have a copy of Balance sheet and other financial statement of these Companies may write to the Company Secretary. It shall also be kept for inspection during business hours by any shareholder in the registered office of the Company and the respective offices of its subsidiary companies.

It shall also be made available on the website of the Company [www.keralaayurveda.biz/investor-relationships/under the "Investor" Tab](http://www.keralaayurveda.biz/investor-relationships/under the 'Investor' Tab).

COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES DURING THE YEAR

During the financial year ended 31st March, 2019, no entity has become or ceased to be a subsidiary, joint venture or associate of the Company.

DIVIDEND

With a view to conserve the resources for future business requirements of the Company, the Board of Directors decided not to recommend any dividend on equity shares for the year ended 31st March, 2019.

RESERVES

The company does not propose to transfer any amount to reserves during the period. At the end of the year, the Other equity of the company is ` 293.60 Lakhs as against ` 711.63 Lakhs of the previous year. During the year the company earned a net surplus of ` 113.34 Lakhs. The interest free non-current loan availed from the Promoter group has been partially repaid. consequentially, the loan amount has been reinstated and the impact under Ind As of ` 531.37 lakhs has been adjusted against Other equity.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the financial year ended 31st March, 2019

DIRECTORS & KEY MANAGERIAL PERSONS:

Appointment / Reappointment / Resignation of Directors/Retirement of Directors

Retirement of Directors

Pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Subramaniam Krishnamurthy and Mr. Madireddi Chandran Mohan, independent directors of the Company retired from the office with effect from 01 April, 2019. Ms. Shailaja Chandra, independent director of the Company retired with effect from 16 June, 2019 pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. Appropriate resolution for Mr. Subramaniam Krishnamurthy and Ms. Shailaja Chandra for their appointment is being placed for approval of the members at the ensuing Annual General Meeting

Mr. Gokul Patnaik, Non-Executive Director resigned with effect from the close of business hours on 30 June, 2019. Appropriate resolution for Mr. Gokul Patnaik for his appointment is being placed for approval of the members at the ensuing Annual General Meeting.

Appointment of Director

The Board of Directors had appointed Mr. Harish Kuttan Menon (DIN:00585260) and Naman Gurumurthi Joshi (DIN: 06862230) as Additional Independent Directors on the Board with effect from 30 June, 2019 pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the rules made there under read with the Articles of Association of the company to hold the office up to the conclusion of the ensuing Annual General Meeting.

Brief resume of the Independent Director seeking appointment along with other details required are provided in the notice of the 27th Annual General Meeting of the Company. Appropriate resolution for their appointment is being placed for approval of the members at the ensuing Annual General Meeting.

None of the directors are disqualified u/s164(2) of the Companies Act, 2013.

Retirement by rotation

Mr. Anand Subramanian, (DIN 00064083), will retire by rotation at the ensuing Annual General Meeting of the company and being eligible has offered himself for re-appointment.

A brief resume of the aforesaid Director and other information have been detailed in the notice convening the 27th Annual General Meeting of the Company. Appropriate resolution for his re-appointment is being placed for approval of the members at the ensuing Annual General Meeting.

Appointment and resignation of Key Managerial Personnel

Mr. Raghunadhan Warriar Kuttappa resigned from the post of Company Secretary of Kerala Ayurveda Limited with effect from 31st January, 2019. Ms. Surbhi Sharma was appointed as the Company Secretary of the Company by the Board of Directors with effect from 29th May, 2019.

MEETINGS OF THE BOARD OF DIRECTORS

An annual calendar of Board and Committee Meetings planned during the year were prepared and circulated in advance to the Directors. During the year four Board Meetings, four Audit Committee Meetings, two Nomination Remuneration Committee meetings and six Stakeholders Relationship Committee meetings were convened and held. The details of meeting & attendance are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. During the financial year 2018-19, the Board of Directors of the Company met on 30 May 2018, 14 August 2018, 14 November 2018 and 14 February, 2019.

Further, separate meeting of Independent Directors of the Company was held on 14 August 2018, where the prescribed items enumerated under Schedule IV to the Companies Act, 2013 and clause 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were discussed.

DECLARATION BY INDEPENDENT DIRECTOR(S)

All the Independent Directors have furnished declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and the Rules made thereunder. In the opinion of the Board, they fulfill the conditions of independence as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

FAMILIARIZATION PROGRAMME OF INDEPENDENT DIRECTORS

Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company and business strategy. The Company has done various programmes to familiarize Independent Directors with the Company, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters.

Details of the familiarization programme for Independent Directors are explained in the Corporate Governance Report.

DETAILS OF EMPLOYEES AND RELATED DISCLOSURES PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

In terms of the first proviso to Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company up to the date of the 27th Annual General Meeting.

The statement containing information as required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure 3 and forms part of this Report as **Annexure 2**

BOARD EVALUATION

Pursuant to the provisions of The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the working of its Audit, Nomination & Remuneration Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

As required under Section 178(1) of the Companies Act, 2013, the Board of Directors of the Company has approved a policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided u/s 178(3). The broad parameters covered under the Policy are - Company Philosophy, Guiding Principles, Nomination of Directors, Remuneration of Directors, Nomination and Remuneration of the Key Managerial Personnel and Senior Management and the Remuneration of other employees. The Company's Policy furnished as **Annexure 3** forms part of this Report. The policy is also uploaded on the website of the Company and is reproduced on the website of the Company.

PARTICULARS OF AUDITORS:

1. Statutory Auditors

M/s. Biju George & Co., Chartered Accountants, was appointed as the Statutory Auditors of the Company at the AGM held on 29th September, 2014 for a term of five consecutive years from the conclusion of the 22nd Annual General Meeting till the conclusion of 27th Annual General Meeting.

The Report given by the Statutory Auditors on the standalone financial statements of the Company and the consolidated financial statements of the Company for the financial year ended March 31, 2019 forms part of this Annual Report. There have been no qualification, reservation, adverse remarks or disclaimer given by the Statutory Auditors in their Report which calls for any explanation.

In view of the requirement of mandatory rotation of the Statutory Auditors in accordance with the requirements of Section 139 of the Act and on the basis of recommendation of the Audit Committee, the Board has recommended the appointment of M/s. Maharaj Rajan & Mathew, Chartered Accountants, (Firm Registration No. 01932S) as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company. M/s. Maharaj Rajan & Mathew, Chartered Accountants have submitted a certificate, as required under Section 139(1) of the Act confirming that they meet the criteria provided in Section 141 of the Act. Their appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting.

The Board of Directors of the Company appreciate the association of M/s. Biju George & Co., Chartered Accountants as the Statutory Auditors and thank them for the services provided.

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed thereunder.

2. Secretarial Auditors

M/s. SVJS & Associates, a firm of practicing Company Secretaries ("Secretarial Auditors"), carried out the secretarial audit of the company in compliance with the Act and the rules made thereunder, the Listing Regulations and other applicable regulations as prescribed by SEBI, Foreign Exchange Management Act, 1999 and other laws specifically applicable to the Company. The Secretarial Audit Report in **Form MR-3** for the financial year under review is attached to this Report as **Annexure 4**. The said report does not contain any qualification, reservation or adverse remark or disclaimer made by the Secretarial Auditors, except that (i) Newspaper advertisement on book closure and on e-voting was published at a shorter period than required under the Companies Act, 2013 which was due to the delay by the advertisement agency. The Company will ensure that all the future compliances are done in time. (ii) Annual Report by e-mail and AGM Notice by registered post was sent at a shorter period than required under the Companies Act, 2013- The company will ensure that all the future Annual General Notices and annual report are sent within the time prescribed under the Companies Act, 2013. (iii) Fine was imposed by the Bombay Stock Exchange (BSE Limited) for a delay of six days in submission of the statement on investor complaints under Regulation 13 (3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended 31.03.2019, which has been paid- The Company will ensure that all the future submissions of statement on investor complaints are within time. (iv) The limited review and audit reports are given by an auditor who has not subjected himself to the peer review process of Institute of Chartered Accountants of India as per Regulation 33 (1) (d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors on the recommendation of the Audit Committee has appointed M/s. Maharaj Rajan & Mathew, Chartered Accountants, (Firm Registration No. 01932S) as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company. Their appointment is subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting. The proposed Auditors possess a peer review certificate issued by Institute of Chartered Accountants of India.

The Secretarial Audit Report of Ayurvedagram Heritage Wellness Centre Pvt Ltd, the material subsidiary of the Company is annexed to its Annual Report. The report is uploaded on the website of the Company.

Internal Audit and Internal Financial Controls with reference to the financial statements

The Company appointed Mr. Mathew Joseph, Chartered Accountant, as its Internal Auditor. The Company's internal control systems commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations if any and follow up actions thereon are reported to

the Audit Committee.

3. Cost Auditors

According to Companies (Cost Records and Audit) Rules, 2014, your Company is not required to get the cost audit done for financial year 2018-19. The Company has maintained cost records for the financial year 2018-19.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

Pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism / Whistle Blower Policy for directors and employees to report genuine concerns has been established. The Vigil Mechanism / Whistle Blower Policy has been uploaded on the website of the Company at www.keralaayurveda.biz/investor-relationships/ under 'Investor Section'.

The Policy is an extension of the Code of Conduct for Directors & Senior Management Personnel and covers any unethical and improper actions or malpractices and events which have taken place/suspected to take place:

As per the policy all Protected Disclosures should be addressed to the Vigilance Officer / Company Secretary or to the Chairman of the Audit Committee in exceptional cases.

RISK MANAGEMENT POLICY

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. Major elements of risk/threats for Ayurveda Industry are regulatory concerns, consumer perceptions and competition. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

The Board of Directors has adopted a risk management policy for the company outlining the parameters of identification, assessment, monitoring and mitigation of various risks which is available on the website of the company.

CREDIT RATING

Kerala Ayurveda Ltd has been awarded NSIC-CRISIL rating of MSE3 which is valid till 8 May 2020.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There was no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

CORPORATE SOCIAL RESPONSIBILITY

Your company always had a deep sense of responsibility towards the community. During the year under review, the Company had conducted medical camps and free medical checkups at various places. Eye Camps and Women's Day free medical camps were also conducted. Corporate Social Responsibility provisions of the Companies Act, 2013 are not applicable to the company and the same is being done as a part of the Corporate ethos of the Company.

DEPOSITS

In terms of the provisions of Section 73 of the Companies Act, 2013, 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 31 March, 2019.

CORPORATE GOVERNANCE

Your company has complied with corporate governance norms as stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A detailed report on Corporate Governance in line with requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report. A certificate from statutory auditors confirming the compliance of Corporate Governance is also attached to this report.

AUDIT COMMITTEE

The details pertaining to composition and meetings of Audit Committee are included in the report on corporate Governance.

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 Report, which forms part of this report.

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013, an extract of Annual Return in Form MGT 9 is provided as **Annexure 5** and is uploaded on the website of the Company at <https://www.keralaayurveda.biz/investor-relationships>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The details of loans and Investments and guarantees covered under the provisions of Section 186 of the Act are given in the Notes to the Financial Statements forming a part of Annual Report.

Current borrowings of the company are within the limits of Section 180(1)(c) of the Companies Act, 2013

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts or arrangements entered into by the Company with related parties referred to in subsection (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under that proviso attached as **Annexure 6** in **Form AOC-2** forms an integral part of this report. All related party transactions are presented to the Audit Committee and the Board.

Omnibus approval is obtained before the commencement of the new financial year, for the transactions which are repetitive in nature and also for the transactions which are not foreseen.

In line with the requirements of the applicable laws, the Company has formulated a policy on related party transactions which is uploaded on the website of the Company at: <https://www.keralaayurveda.biz/investor-relationships>.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3)(c) of the Companies Act, 2013, in relation to financial statements of the company, the Board of Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to 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 at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively, and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. As required under law, an Internal Compliance Committee has been constituted for reporting and conducting inquiry in to the complaints made by the victim on the harassments at the work place.

During the year, no complaint of sexual harassment has been received by the Committee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgoes required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure 7** that forms part of this Report.

HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company's thrust is on the promotion of talent internally through job rotation and job enlargement.

RESEARCH AND DEVELOPMENT

The Research and Development (R&D) Center of KAL is engaged in comprehensive research on all areas of Ayurveda process and products. During 2018-19 we have launched Cervigest for comprehensive cervical spine care and Lumbagest for Lumbar Spondylitis & Sciatica in the form of soft gelatin capsule and KAL Baby oil for pediatric care. All these products received good customer acceptance. New cottage products like Virgin Coconut Oil, Kumkumadi Oil, Marayoor Jaggery and Saffron were launched under FSSAI license. We got approval from Drugs controller for two new dosage forms, Mathrukalpam granules & Myaxyl spray. Preclinical studies are advancing on - Glymin Atta Mix a Diabetic friendly multi grain atta mix. We also received approval for marketing Raktchandanam Soap, Eladi Soap, Winsoria Soap and Nalpamaradi Soap in Ayurveda cosmetic range.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying in unpaid or unclaimed dividend for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF) under Section 124 of the Companies Act, 2013.

LISTING WITH STOCK EXCHANGES

The equity shares of the company are listed on Bombay Stock Exchange and the Company confirms that it has paid the Annual Listing Fees for the year 2019-20 to BSE Limited.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company was in compliance with the Secretarial Standards. i.e. SS-1 and SS-2 relating to "Meetings of the Board of Directors" and "General Meetings" respectively.

ACKNOWLEDGMENTS

The Board places on record its appreciation for the continued patronage, support and co-operation extended by its shareholders, customers, bankers and all Government and statutory agencies with whose help, cooperation and hard work the Company was able to achieve the results. Your directors would further like to record appreciation to the efforts of all the employees for their valuable contribution to the Company.

By order of the Board of Directors
For Kerala Ayurveda Limited

sd/-

Ramesh Vangal
Chairman
(DIN 00064018)

Place: Bengaluru
Date : 12th August, 2019

**ANNEXURE 1
FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Lakhs.)

	Subsidiary 1	Subsidiary 2	Subsidiary 3	Subsidiary 4	Subsidiary 5	Subsidiary 6	Subsidiary 7
Name of the subsidiary	Ayurvedagram Heritage Wellness Centre Pvt Ltd.	Ayurvedic Academy Inc.	Suveda Inc. (formerly known as Nutraveda Inc.)	Ayu Natural Medicine Clinic, P.S, USA	CMS Katra Holdings LLC, USA	CMS Katra Nursing LLC, USA	Nutraveda Pte Ltd
The date since when subsidiary was acquired	29.03.2004	04.05.2008	04.05.2008	04.05.2008	09.10.2008	12.10.2008	24.06.2009
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	US\$ 1US\$=69.17	US\$ 1US\$=69.17	US\$ 1US\$=69.17	US\$ 1US\$=69.17	US\$ 1US\$=69.17	SGD 1SGD=51.25
Share capital	225	NIL	NIL	NIL	0.69	692	3.18
Reserves & surplus	381.08	-877.76	-639.98	-855.44	320.44	0	0
Total assets	1253.48	1176.67	1205.71	0.02	917.7	0.17	8.32
Total Liabilities	1253.48	1176.67	1205.71	0.02	917.7	0.17	8.32
Investments	0	0	0	0	62.32	0	0
Turnover	775.4	811.59	117.97	0	0	0	0
Profit before taxation	32.54	66.56	3.35	0	0	-1.95	0
Provision for taxation	2.27	0	0	0	0	0	0
Profit after taxation	30.27	66.56	3.35	0	0	-1.95	0
Proposed Dividend	0	0	0	0	0	0	0
Extent of shareholding(in percentage)	74	100	100	100	81.67	100	100

Name of Subsidiaries which are yet to commence operations: Nutraveda Pte Ltd

Name of subsidiaries which have been liquidated or sold during the year: NIL

PART "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures-Not applicable

Name of Associates/Joint Ventures	Not applicable
Latest audited Balance Sheet Date	
Date on which the Associate or Joint Venture was associated or acquired	
Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extent of Holding(%)	
Description of how there is significant influence	
Reason why the associate/joint venture is not consolidated	
Net worth attributable to Shareholding as per latest audited Balance Sheet	
Profit / Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

BIJU GEORGE, B Sc, FCA
Proprietor
Membership No.206233

Place: Bengaluru
Date: 12th August, 2019

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

Sd/-

Ramesh Vangal
Chairman
DIN 00064018

ANNEXURE 2

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

Sl. No	Requirements	Disclosure
1	The ratio of remuneration of each director to the median remuneration of the employees for the financial year	Employee/ WTD 1:10.9
2.	The percentage increase in remuneration of each Director, CFO, CS in the Financial Year	ED-0%, CS-0%, CFO-0%
3.	The percentage increase in the median remuneration of employees in the financial year	2.26%
4.	The number of permanent employees on the rolls of the Company	335
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	2.8% There are no exceptional circumstances for the increase .
6.	Affirmation that the remuneration is as per the remuneration policy	Yes

Note: No employee was in receipt of remuneration of more than rupees One Crore and Two lakhs for the FY 2018-19 in aggregate. No employee who was employed for part of the year was in receipt of remuneration of more than Rupees Eight Lakhs and Fifty Thousand Per month for the FY 2018-19 as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

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

sd/-

Ramesh Vangal
Chairman
(DIN 00064018)

Place: Bengaluru
Date : 12th August, 2019

ANNEXURE – 3**NOMINATION AND REMUNERATION POLICY OF KERALA AYURVEDA LIMITED****PREAMBLE**

Section 178 of the Companies Act, 2013 and the provisions of the Chapter IV, Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, require the Nomination and Remuneration Committee of the Board of Directors of every listed entity, to:

- Devise a policy on Board diversity;
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulate the criteria for evaluation of Independent Directors and the Board and carry out evaluation of every director's performance;
- The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Accordingly, in adherence to the above said requirements the Nomination and Remuneration Committee of the Board of Directors of Kerala Ayurveda Limited (KAL) herein below recommends to the Board of Directors for its adoption the Nomination and Remuneration Policy for the directors, key managerial personnel and other employees of the Company as set out below.

A. POLICY ON BOARD DIVERSITY**A.1. Purpose of this Policy:**

This Policy on Board Diversity sets out the Company's approach to ensuring adequate diversity in its Board of Directors (the "Board") and is devised in consultation with the Nomination and Remuneration Committee (the "Committee") of the Board.

A.2. Scope of Application:

The aforesaid Policy applies to the Board of Kerala Ayurveda Limited (the "Company").

A.3. Policy Statement:

The Company believes that a diverse Board will enhance the quality of the decisions made by the Board by utilizing the different skills, qualification, professional experience, knowledge etc. of the members of the Board, necessary for achieving sustainable and balanced development.

For appointments of persons to office of directors and deciding composition of the Board, the Nomination and Remuneration Committee (NRC Committee) and the Board shall also have due regard to this policy on Board diversity.

All Board appointments are made on merit, in the context of the skills, experience, independence, knowledge and integrity which the Board as a whole requires to be effective.

The Board of directors of the Company shall have an optimum combination of executive and non-executive directors. At a minimum, the Board of the Company shall consist of at least one woman Director.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to age, educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard for the benefits of diversity on the Board. The Board's composition (including gender, age, length of service) will be disclosed in the Corporate Governance Report annually.

B. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

B.1. Appointment Criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

B.2. Term/Tenure:

1. Managing Director/Whole-time Director/Manager (Managerial Person): The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re- appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
3. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
4. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

B.3. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

B.3. Retirements:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

C. REMUNERATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES REMUNERATION POLICY

C.1. General:

The remuneration / compensation / commission etc. to Managerial Person, KMP and Senior Management Personnel will be

determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to Managerial Person shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.

Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.

Where any insurance is taken by the Company on behalf of its Managerial Person, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

C.2. REMUNERATION TO MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT:

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders or /and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Senior Management: "senior management" shall mean personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive directors, including all functional heads.

C.3. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR

1. Remuneration / Commission: The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
2. Sitting Fees: The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as decided by the board from time to time. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
3. Further, the Company may pay or reimburse to Non-Executive / Independent Director such fair and reasonable expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for attending Board/ Committee meetings.
4. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
5. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

C.4. REMUNERATION TO OTHER EMPLOYEES

Apart from the Directors, KMP's and senior Management, the remuneration for rest of the employee is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexities and local market conditions.

Decisions on annual increment shall be made on the basis of the annual appraisal carries out by HODs of various departments.

D. EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

1. INDEPENDENT DIRECTORS

The Independent Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- a) act objectively and constructively while exercising their duties;
- b) objectively evaluate Board's performance, rendering independent, unbiased opinion
- c) exercise their responsibilities in a bona fide manner in the interest of the company;
- d) strive to Attend and participate in the Meetings.

- e) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- f) refrain from any action that would lead to loss of his independence and inform the Board immediately when they lose their independence,
- g) assist the company in implementing the best corporate governance practices.
- h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- i) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

Apart from the above criterion below-mentioned indicative list of factors may be evaluated as a part of this exercise:

- j) Participation and contribution,
- k) Commitment (including guidance provided to senior management outside of Board / Committee meetings),
- l) Effective deployment of knowledge and expertise,
- m) Effective management of relationship with stakeholders,
- n) Integrity and maintenance of confidentiality,
- o) Independence of behavior and judgment, and Impact and influence.

Also, once a year, the Board will conduct a self-evaluation. It is the responsibility of the Chairman of the Board to organise the evaluation process and act on its outcome.

2. **NON-INDEPENDENT DIRECTORS/EXECUTIVE DIRECTORS**

The Executive Directors and Non-independent directors shall be evaluated on the basis of criteria given to them by the board from time to time and their performance will also be reviewed by Independent directors of the Company in their meeting as per Schedule IV of the Companies Act, 2013.

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

sd/-

Ramesh Vangal
Chairman
(DIN 00064018)

Place: Bengaluru
Date : 12th August, 2019

Annexure 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
KERALAAYURVEDALIMITED
VII/415, Nedumbaserry,
Athani P.O, Aluva,
Ernakulam- 683585, Kerala

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KERALA AYURVEDA LIMITED [CIN: L24233KL1992PLC006592]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company

and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. There is no new Foreign Direct Investment during the period under review. There are no External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable);
 - (e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable
- (vi) As informed to us, the following other laws are specifically applicable to the Company:
 1. The Drugs and Cosmetics Act, 1940 and The Drugs and Cosmetics Rules, 1945
 2. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 and the Drugs and Magic Remedies (Objectionable Advertisements) Rules, 1955
 3. The Medicinal and Toilet Preparations (Excise Duties) Act, 1955
 4. Food Safety And Standards Act, 2006
 5. Kerala Spirituous Preparations (Control) Rules, 1969

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except to the extent as mentioned below:

Newspaper advertisement which is required to be published atleast 7 days prior to book closure was published on a date after that.

Newspaper Advertisement on evoting which is required to be published atleast 21 days prior to the date of Annual General Meeting was published on a date after that.

Annual Report sent to the shareholders by e-mail and AGM Notice sent to the shareholders by registered post less than 21 days prior to the Annual General Meeting.

Fine was imposed upon the listed entity by the Bombay Stock Exchange (BSE Limited) for non submission of the statement on investor complaints within the period prescribed under Regulation 13 (3) of the LODR for the quarter ended 31.03.2019.

The limited review and audit reports are given by an auditor who has not subjected himself to the peer review process of Institute of Chartered Accountants of India as per Regulation 33 (1) (d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the board were unanimous and the same was captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no instances of:

- i. Public/Right/Preferential issue of shares / debentures/sweat equity;
- ii. Redemption / buy-back of securities;
- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- iv. Merger / amalgamation / reconstruction;
- v. Foreign technical collaborations.

This report is to be read with **Annexure A** of even date and the same forms an integral part of this report.

For SVJS & Associates
Company Secretaries

Kochi
10-08-2019

sd/-
CS Vincent P.D.
Senior Partner
CP No.: 7940, FCS: 3067

ANNEXURE A ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members
KERALA AYURVEDA LIMITED
VII/415, Nedumbaserry,
Athani P.O, Aluva,
Ernakulam- 683585, Kerala

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc., wherever required. We relied on management representation where we were unable to verify the underlying documents.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2019 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For SVJS & Associates
Company Secretaries

Kochi
10-08-2019

sd/-
CS Vincent P.D.
Senior Partner
CP No.: 7940, FCS: 3067

ANNEXURE – 5
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24233KL1992PLC006592
2.	Registration Date	6 th July 1992
3.	Name of the Company	Kerala Ayurveda Limited
4.	Category/ Sub-category of the Company	Drugs and Pharmaceuticals
5.	Address of the Registered office & contact details	VII/ 415, Nedumbassery Athani P.O, Aluva Ernakulam -6 8 3 5 8 5
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Integrated Registry Management Service P. Ltd Kences Towers, No.1 Ramakrishna Street T Nagar, Chennai-600017 Ph:044 - 28140801 - 03 Fax:044 - 28142479 Email: csdstd@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% total turnover of the company
1	Ayurvedic Medicine	21003	83 %
2	Health Care Services	86901	17 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and address of the Company	CIN/ GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1	Katra Holdings Ltd, Mauritius	NA	Holding	61.52	2(46)
2	Ayurvedagram Heritage Wellness Centre Pvt Ltd	U74140KA203 PTC031511	Subsidiary	74	2(87)
3	Suveda Inc. USA (formerly known as Nutraveda Inc.)	N A	Subsidiary	100	2(87)
4	Ayu Natural Medicine Clinic PS, USA	N A	Subsidiary	100	2(87)
5	Ayurveda Academy Inc., USA	N A	Subsidiary	100	2(87)
6	CMS Katra Holdings LLC, USA	N A	Subsidiary	100	2(87)
7	CMS Katra Nursing LLC, USA	N A	Subsidiary	81.67	2(87)
8	Nutraveda Pte Ltd., Singapore	N A	Subsidiary	100	2(87)

IV.SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**I)Category-wise Share Holding**

Category		No. of shares held at the beginning of the Year				No. of shares held at the end of the Year				
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	% Change during the Year
A	Shareholding of Promoter and Promoter Group									
1	Indian	0	0	0	0	0	0	0	0	0
a	Individual/ Hindu Undivided Family	0	0	0	0	0	0	0	0	0
b	Central Government	0	0	0	0	0	0	0	0	0
c	State Government	0	0	0	0	0	0	0	0	0
d	Bodies Corporate	0	0	0	0	0	0	0	0	0
e	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
f	Any other(specify)	0	0	0	0	0	0	0	0	0
	SUB TOTAL (1)	0	0	0	0	0	0	0	0	0
2	Foreign									
a	Individual (Non-Resident/Foreign)	0	0	0	0	0	0	0	0	0
b	Bodies corporate	6493435		6493435	61.52	6493435		6493435	61.52	0
c	Institutions	0	0	0	0	0	0	0	0	0
d	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
e	Any other(specify)	0	0	0	0	0	0	0	0	0
	SUB TOTAL (2)	6493435		6493435	61.52	6493435		6493435	61.52	0
B	Public Shareholding									
1	Institutions	0	0	0	0	0	0	0	0	0
a	Mutual funds/UTI	0	2976	2976	0.03	0	2976	2976	0.03	0
b	Financial Institutions/Banks	1103	1709	2812	0.03	0	1709	1709	0.02	0.01
c	Central Government	0	0	0	0	0	0	0	0	0
d	State Government(s)	0	0	0	0	0	0	0	0	0
e	Venture Capital Funds	0	0	0	0	0	0	0	0	0
f	Insurance Companies	0	0	0	0	0	0	0	0	0
g	Foreign Institutional Investors	0	0	0	0	0	0	0	0	0
h	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
i	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0

j	Any other(specify)	0	0	0	0	0	0	0	0	0
	SUB TOTAL B(1)	1103	4685	5778	0.06	0	4685	4685	0.04	0.01
2	Non-Institutions									
a	Bodies Corporate (Indian/foreign/overseas)	301358	8986	310344	2.94	254919	8986	263905	2.5	
b	Individuals (Resident/NRI/Foreign National)									
i	Individual shareholders holding Nominal share Capital upto Rs.1 Lakh	1822499	234384	2056883	19.49	1734719	220532	1955251	18.52	
ii	Individual shareholders holding Nominal share Capital above Rs.1 Lakh	985844	668421	1654265	15.67	1146575	656841	1803416	17.08	
c	Any other(specify)	34955	0	34955	0.33	34978	0	34978	0.33	
	SUB TOTAL B (2)	3144656	911791	4056447	38.43	3171191	886359	4057550	38.44	
	Total Public Shareholding B=B(1)+B(2)	3145759	916476	4062235	38.48	3171191	891044	4062235	38.48	
	TOTAL (A)+(B)	0	0	0	0	0	0	0	0	0
	Shares held by Custodians and against which Depo sitory Receipts have been issued	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	9639194	916476	10555670	100	9664626	891044	10555670	100	0

ii. Shareholding of Promoter

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change
		No. of Shares	%of total Shares of the company	%of Shares Pledged/encumbered to total shares	No. of Shares	%of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Katra Holdings Ltd., Mauritius	6493435	61.52	87.93	6493435	61.52	100	NIL

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the Year	NO CHANGE			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.				
	At the end of the year				

iv. Shareholding pattern of top ten shareholders(Other than Directors, Promoters and Holders GDR's & ADR's)

For each of the top 10 Shareholders	Opening Balance	% of shares held	Difference if any	% of difference	Closing Balance	Closing %
1. Shon Randhawa PAN: AKUPR0452R						
Opening balance as on 01/04/2018	497642	4.71	0	0		
Closing balance as on 31/03/2019					497642	4.71

2. Equity Intelligence India Private Limited PAN: AABCE2101N						
Opening balance as on 01/04/2018	140000	1.326	0	0		
Closing balance as on 31/03/2019					140000	1.326
3. K. Swapna PAN :AMXPK4845Q						
Opening Balance as on 1/04/2018	102000	0.966				
Closing Balance as on 31/03/2019					102000	0.966
4. B. Sashikanth PAN: AADPB5742M						
Opening Balance as on 1/04/2018	86964	0.824				
06/04/2018 Secondary purchase			3969	0.038	90933	0.861
13/04/2018			5235	0.050	96168	0.911
20/04/2018			6946	0.066	103114	0.977
27/04/2018			5000	0.047	108114	1.024
04/05/2018			7999	0.076	116113	1.100
20/07/2018			1	0.000	116114	1.100
27/07/2018			18508	0.175	134622	1.275
03/08/2018			5844	0.055	140466	1.331
10/08/2018			8722	0.083	149188	1.413
17/08/2018			2216	0.021	151404	1.434
07/12/2018			2	0.000	151406	1.434
21/12/2018			1000	0.009	152406	1.444
Closing Balance as on 31/03/2019					152406	1.444
5 Krishna Kodali PAN :ADFPK4034L						
Opening Balance as on 01/04/2018	75000	0.711				
Closing Balance as on 31/03/2019					75000	0.711
06 Kavita Vipul Bhagat PAN: ASRPB4563C						
Opening Balance as on 01/04/2018	68297	0.647				
27/04/2018 Secondary Purchase			-1671	-0.016	66626	0.631
04/05/2018 Secondary Sales			-1532	-0.015	65094	0.617
11/05/2018 Secondary Purchase			1458	0.014	66552	0.630
18/05/2018			2518	0.024	69070	0.654

08/06/2018 Secondary Sale			-950	-0.009	68120	0.645
29/06/2018			-602	-0.006	67518	0.640
06/07/2018			-1226	-0.012	66292	0.628
13/07/2018			-226	-0.002	66066	0.626
10/08/2018			-65966	-0.625	100	0.001
08/02/2019			-41	0.000	59	0.001
15/02/2019			-59	-0.001	0	0.000
Closing Balance as on 31/03/2019					0	0.000
07. Amit Bhutra PAN :ADTPB1150A						
Opening Balance as on 01/04/2018	53425	0.506				
Closing Balance as on 31/03/2019					53425	0.506
08. Sailesh Vikramsinh Thakker PAN: AAAPT3100G						
Opening Balance as on 01/04/2018	50000	0.474				
12/10/2018			500	0.005	50500	0.478
19/10/2018			-500	-0.005	50000	0.474
Closing Balance as on 31/03/2019					50000	0.474
09. Rakesh Kumar Jain PAN :AAFPJ6867K						
Opening Balance as on 01/04/2018	46158	0.437				
04/05/2018 Secondary Sale			-1000	-0.009	45158	0.428
08/06/2018			-1820	-0.017	43338	0.411
29/06/2018			-9938	-0.094	33400	0.316
30/06/2018			-5147	-0.049	28253	0.268
06/07/2018			-3253	-0.031	25000	0.237
13/07/2018			-2000	-0.019	23000	0.218
27/07/2018			-1000	-0.009	22000	0.208
Closing Balance as on 31/03/2019					22000	0.208
10. Leela Ann Lindner						
Opening Balance as on 01/04/2018	42995	0.407				
Closing Balance as on 31/03/2019					42995	0.407

v. Shareholding of Directors and Key Managerial Personnel:

Amount ₹ in Lacs

Sr. No	For each of the Director and Key Managerial Personnel	Opening Balance	% of shares held	Difference if any	% of difference	Closing Balance	Closing %	Reasons for differences
1	Dr. Kunjupanicker Anilkumar PAN: AGFPK6227J							
	Opening Balance as on 01/04/2018	200019	1.895					
	06/04/2018 Demat of physical shares			110	0.001	200129	1.896	NA
	Closing Balance as on 31/03/2019					200129	1.896	
2	Mr. Gokul Patnaik PAN: GFPPK6227J							
	Opening Balance as on 01/04/2018	65	0					
	Closing Balance as on 31/03/2019					65	0	NA

vi. Indebtedness – Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,730.46	3,229.07	-	6959.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,730.46	3,229.07	-	6959.53
Change in indebtedness during the financial year	-	-	-	-
* Addition	1,000	-	-	1,000
* Reduction	146.39	1,759.99	-	1,906.38
Net Change	853.61	-1759.99	-	-906.38
Indebtedness at the end of the financial year			-	
i) Principal Amount	4,549.67	1,469.08	-	6,018.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	34.4	-	-	-
Total (i+ii+iii)	4,584.07	1,469.08	-	6053.15

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole – Time Directors and/or Manager:

Sr No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Dr Kunjupanicker Anilkumar	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,24,000/-	30,24,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary/section 17(3) Income- tax Act,	Nil	Nil
2	Stock Option / Sweat Equity	Nil	Nil
3	Commission - as % of profit / others,	Nil	Nil
4	Others, please specify	Nil	Nil
	Total (A)	30,24,000/-	30,24,000/-
	Ceiling as per the Act	Within Limit*	Within Limit*

* Ceiling as per Schedule V of the Companies Act 2013 is up to 42 Lakhs per Annum

Sr No	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. S Krishna murthy	Mr. Kshiti Ranjan Das	Mr. M.C.Mohan	Ms. Shailaja Chandra	
1	Independent Directors					
	Fee for attending board/ committee meetings	2,05,000	1,90,000	40,000	1,00,000	5,35,000
	Commission / others, please specify					
	Total (1)	2,05,000	1,90,000	40,000	1,00,000	5,35,000
2	Other Non-Executive Directors					
	Fee for board committee meetings					
	Commission / Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration	2,05,000	1,90,000	40,000	1,00,000	5,35,000
	Overall Ceiling as per the Act	Within Limit	Within Limit	Within Limit	Within Limit	Within Limit

B. Remuneration to other directors.

Ceiling is maximum ` 1,00,000 per meeting which can be paid to independent Directors as sitting fee.

C. Remuneration to Key Managerial Personnel Other than MD /Manager/ WTD

Sr No	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary in `	K. Raghunadhan	Arvind Agarwal	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48,8590	28,92,000	33,80,590
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4	Commission / - as % of profit	0	0	0
5	Others, please specify	0	0	0
	Total	48,8590	28,92,000	33,80,590

VI. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

There were no penalties/punishments/compounding offences under the Companies Act for the year ending 31st March 2019.

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

sd/-

Ramesh Vangal
Chairman
(DIN 00064018)

Place: Bengaluru
Date : 12th August, 2019

ANNEXURE – 6 FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Amendments Rules, 2016.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Ayurvedagram Heritage Wellness Centre Pvt Ltd, Subsidiary company
b)	Nature of contracts/arrangements/transaction	Sale of Ayurvedic Medicines
c)	Duration of the contracts/arrangements/transaction	01.04.2017 to 31.03.2020
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	15% discount on MRP of Company Products
e)	Justification for entering into such contracts or arrangements or transactions	Being a subsidiary of the company, KAL is offering such discount.
f)	Date of approval by the Board	11 th August, 2017
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to Section 188	27 th September. 2017
i)	Total Value of Transaction during the year	₹ 71.18 lakhs

Details of contracts or arrangements or transactions at Arm's length basis.

Amount in ₹ Lakhs

SL.No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements /transactions	Duration of the contracts/arrangements/ transactions	Salient terms of the contract/ arrangements/ transactions including the value, if any:	Date of approval by the Board	Amount paid as advance, if any:
1	All Season Herbs Pvt Ltd- Director's Relative	Purchase of Raw Materials and Job Work	Need Based	40.13	30 th January, 2018	Nil
2	Ayurvedagram Heritage Wellness Centre Pvt Ltd- Subsidiary	Rendering of Services by Ayurvedagram	Need Based	12.24	30 th January, 2018	Nil
3	Ayurvedagram Heritage Wellness Centre Pvt Ltd- Subsidiary	Providing of Services by KAL	Need Based	19.00	30 th January, 2018	Nil
4	Ayurvedagram Heritage Wellness Centre Pvt Ltd- Subsidiary	Advance	Need Based	195.66	30 th January, 2018	195.66
5	Ayurvedic Academy Inc, USA- Subsidiary	Sale of Products and services	Need Based	12.56	30 th January, 2018	Nil
6	Suveda Inc, USA-Subsidiary	Sale of Products	Need Based	16.8	30 th January, 2018	Nil
7	CARE Keralam Pvt Ltd-Shareholding and common Director	Purchase of services	Need Based	2.73	30 th January, 2018	Nil
8	Katra Holding Pvt Ltd-Common Director	Loan	Need Based	1469.21	30 th January, 2018	Nil
9	Katra Phytochem India Pvt Ltd- Common Director	Purchase of Raw Material	Need Based	11.28	30 th January, 2018	Nil
10	SR Pharmaceuticals-Subsidiary of Katra Phytochem	Job Work	Need Based	66.73	30 th January, 2018	Nil
11	Mason & Summers Leisure Pvt Ltd- Common Director	Purchase of Services	Need Based	12.18	30 th January, 2018	Nil

By order of the Board of Directors
For Kerala Ayurveda Limited

Place: Bengaluru
Date : 12th August, 2019

sd/-
Ramesh Vangal
Chairman
(DIN 00064018)

ANNEXURE 7

Information in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Amendment Rules, 2016 and forming part of the Board's Report for the year ended 31.03.2019

Amount in ` Lacs

A. CONSERVATION OF ENERGY:

1	The Steps taken or Impact on conservation of energy	NIL
2	The Steps taken By the Company for utilizing alternate source of energy	The Company has installed LED lamps in place of tube lights and CFL, thereby reducing consumption in lightning
3	The Capital Investment on energy conservation equipments	NIL

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1	The efforts made towards technology absorption	All the developments were done indigenously
2	The benefits derived like product improvement, cost reduction, product development or import substitution	During the year under review your Company has added three new products to the product basket
3	Details of imported technology	During the year, company has not imported any technology.
4	The expenditure incurred on research and development	
a	Capital	Nil
b	Deferred Revenue Expenditure	56.95
c	Revenue Expenditure	3.82
d	Total	60.77
e	Total Research and Development expenditure as a % of turnover	1.57

C. FOREIGN EXCHANGE EARNING & OUTGO:

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

1.	Foreign Exchange Earnings	` 46.57 Lacs
2.	Foreign Exchange Outgo	NIL

By order of the Board of Directors
For Kerala Ayurveda Limited

Sd/-
Ramesh Vangal
Chairman
(DIN 00064018)

Place: Bengaluru
Date : 12th August, 2019

REPORT ON CORPORATE GOVERNANCE

The report states compliance with the requirements of the Companies Act, 2013 (the 'Act'), and Regulation 17 to 27 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') as applicable to the Company as on 31 st March, 2019.

PHILOSOPHY

Kerala Ayurveda Limited (KAL) believes that sound Corporate Governance is inevitable for improving efficiency and growth of the Company. The Company has sound corporate practices and conscience, openness, fairness, professionalism and accountability which led it to be a great success. The Company is adhering strictly to regulatory frameworks. Honesty, transparency and intensive communication with stake holders are integral part of our policy. The company is generally in compliance with the Corporate Governance norms as stipulated in Listing regulations.

BOARD OF DIRECTORS

Keeping with the commitment to the Management, the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of independent and non-independent directors to maintain the independence of the Board and to separate the Board functions of governance from Management of the Company.

COMPOSITION

In compliance with the provisions of the Listing Regulations, the Company has a combination of executive and non-executive directors with a woman independent director. The Company has a non-executive Chairman. According to provisions of the Listing Regulations, if the non-executive Chairman is a promoter, at least one half of the Board of the company should consist of independent directors.

As on 31 March 2019, the Board of the Company comprised of eight directors, of whom three were non-executive non independent directors, four were non-executive independent directors and one was executive director. The Board has no institutional nominee directors. As Table 1 shows, the Company is in compliance with the Listing Regulations.

More particulars about the directors are mentioned in the 'Directors' Report'.

NUMBER OF MEETINGS OF THE BOARD

During FY 2018-19, the Board of Directors met four times on 30th May, 2018, 14th August, 2018, 14th November, 2018 and 14th February, 2019. The gap between any two meetings has been less than one hundred and twenty days.

ATTENDANCE RECORD OF DIRECTORS**Table 1: Composition of the Board and attendance record of directors for FY2018-19**

Name of the Director	Category	No. of Board Meeting attended (out of 4)	Whether attended AGM
Mr. Ramesh Vangal	Chairman, non-executive / Promoter Director	4	Yes
Mr. Gokul Patnaik	Vice Chairman non-executive / Promoter Director	3	Yes
Dr. Kunjupanicker Anilkumar	Wholtime Director, executive	4	Yes
Mr. Madireddi Chandran Mohan	Non-executive, independent	1	No
Mr. Subramaniam Krishnamurthy	Non-executive, independent	4	Yes
Mr. Anand Subramanian	Non-executive	3	Yes
Mr. Kshiti Ranjan Das	Non-executive, independent	4	Yes
Ms. Shailaja Chandra	Non-executive, independent	4	Yes

Pecuniary relationship or transactions

Apart from receiving Directors Sitting Fees, the Non- Executive Directors do not have any material pecuniary relationship or transactions with the company, Promoters, Directors, senior managers or subsidiaries. None of the Directors are related inter-se to each other.

Opinion of the Board

It is hereby confirmed that, in the opinion of the Board, the independent directors fulfil the conditions specified in the Listing Regulations, the Act and are independent of the Management of the Company.

Number of shares and convertible instruments held by non-executive directors

Mr. Gokul Patnaik, non-executive director of the Company holds 65 Equity shares of the Company

Non-executive directors' compensation

During FY 2018-19, sitting fees of ₹ 25,000/- per meeting was paid to non-executive independent directors for every meeting of the Board and ₹ 15,000/- per meeting was paid for every meeting of the Committee of the Board attended by them. No sitting fees was paid to non- executive non independent director. No commission was paid to the non-executive directors during the FY 2018-19. The Company does not have stock option plan for any of its directors.

Information supplied to the Board

The Board agenda comprises of relevant information on various matters related to the working of the Company, especially those that require deliberation at the Board level. The directors of the Company receive the Board papers well in advance before the Board Meeting.

The Board is periodically updated on important developments in the business segments and other arenas through presentations made by the function heads. The directors have separate and independent access to officers of the Company. In addition to items which are required to be placed before the Board for its noting or approval, information on various significant items is also provided. In terms of quality and importance, the information supplied by the Management to the Board is beyond the list mandated under the Listing Regulations. The independent directors, at their separate meeting held on 14th August 2018, assessed the quantity, quality and timely flow of information between the Management and the Board, and found it to be in line with the expectations.

Orderly succession to Board and Senior Management

The Board is periodically updated on the orderly succession to the Board and Senior Management. It has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.

Directorships and memberships of Board Committees**Table 2 : Directorship/Committee positions as on 31st March 2019 in Kerala Ayurveda and other Companies**

Sl. No	Name (s) of Directors	Directorship held in all Companies (inclusive of Kerala Ayurveda Limited)	Name of the other Listed Companies where he/she is a director (exclusive of Kerala Ayurveda Limited)		*Committee Positions as Member and Chairperson in Listed and Unlisted Public Limited Companies (inclusive of Kerala Ayurveda Limited)	
			Company	Type of Directorship	Member	Chairman
1	Mr. Ramesh Vangal	13	NA	NA	NIL	NA
2	Mr. Gokul Patnaik	13	LT Foods Limited	Independent Director	1	NIL
3	Dr. Kunjupanicker Anilkumar	3	NA	NA	1	NIL
4	Mr. Madireddi Chandran Mohan	2	HBL Power Systems Ltd	Independent Director	1	NIL
5	Mr. Subramaniam Krishnamurthy	3	Shriram City Union Finance Limited	Independent Director	4	2
6	Mr. Anand Subramanian	15	NA	NA	2	1
7	Mr. Kshiti Ranjan Das	2	Shriram Asset Management Company Limited	Independent Director	2	NIL
8	Ms. Shailaja Chandra	6	1. Birla Corporation Ltd	Independent Director	1	NA
			2. JSW Energy Ltd			

*Includes membership/chairmanship in Audit & Stakeholders Relationship Committees only.

As may be noted from the table, no Director is a member of more than 10 Board Committees or Chairman of more than 5 Board Committees across all public limited companies where he/she is a Director. For this purpose, membership/chairmanship in Audit Committee and Stakeholders Relationship Committee is considered. Further, no Independent Director serves as Independent Director in more than 7 listed companies or 3 listed companies in case he/she is a whole-time director in any listed company.

The Board of Directors, overviews the performance of the Company, approves and reviews policies/strategies and evaluates management performance.

Certificate from practicing company secretary

A certificate from Vincent P.D., Managing Partner, SVJS & Associates, company secretary to the effect that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Ministry of Corporate Affairs, SEBI or any other statutory authority. The same forms a part of this Report.

Review of legal compliance reports

The Board periodically reviews legal compliance reports with respect to the various laws applicable to the Company as prepared and placed before it by the Management.

Code of conduct

The Listing Regulations require listed companies to lay down a code of conduct for directors and senior management, incorporating duties of directors as laid down in the Act. Accordingly, the Company has a Board approved code of conduct for all Board members and Senior Management of the Company. The said code has been placed on the Company's website <https://www.keralaayurveda.biz/investor-relationships>. All the Board members and Senior Management personnel have affirmed compliance with the code for the year ended 31 March 2019. A declaration to this effect signed by the Wholetime Director forms a part of this Report.

Maximum tenure of independent directors

The maximum tenure of independent directors is in accordance with the Act and the Listing Regulations.

Formal letter of appointment of independent directors

The Company issues a formal letter of appointment to independent directors in the manner provided under the Act. As per regulation 46(2) of the Listing Regulations, the terms and conditions of appointment of independent directors are placed on the Company's website <https://www.keralaayurveda.biz/investor-relationships>

Performance evaluation

The performance evaluation of Independent Directors was carried out by the Board in its meeting held 14th August, 2018 in accordance with the following criteria laid out by the Nomination & Remuneration Committee and approved by the Board.

Attendance at meetings of Board and Committees, knowledge & ethics, understanding of the roles, responsibilities and duties as director/chairman, contributions at Board/Committees meetings including on strategy and risk management. The evaluation done brings out good performance of Independent Directors in the Board and committees' meetings. They are knowledgeable, ethical and bring their respective expertise in the deliberations and make valuable contributions. The same is hosted on the website of the Company at <https://www.keralaayurveda.biz/investor-relationships>.

The Nomination and Remuneration Committee at its meeting held on 14th November, 2018 reviewed the implementation and evaluation of every director's performance and various committees of the Board.

The Independent Directors expressed satisfaction on the performance of Non-Independent Directors and the Board as a whole. The Independent Directors were also satisfied with the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

Remuneration policy

Your Company has adopted a Nomination and remuneration Policy on the recommendation of the Nomination and Remuneration Committee. The Policy is shown as **Annexure 3** to the Directors Report and is also available on the website of the Company <https://www.keralaayurveda.biz/investor-relationships>.

Familiarisation programmes for independent directors

With a view to familiarising the independent directors with the Company's operations, as required under the Listing Regulations, the Company has held programmes for independent directors for familiarising them with the Company, business model of the Company, their roles, rights and responsibilities, etc., throughout the year and on a continuing basis. Details of such familiarisation programmes are placed on the Company's website <https://www.keralaayurveda.biz/investor-relationships>. The details are given below as well:

Number of program's attended by Independent Directors (During the year and on cumulative basis till date)	One program on 15 th November, 2018
Number of hours spent by Independent Directors in such program's (during the year and on cumulative basis till date)	5 hours

Whistle blower policy/vigil mechanism

The Company has a whistle blower policy encompassing vigil mechanism pursuant to the requirements of the section 177(9) of the Act and regulation 22 of the Listing Regulations. The policy/vigil mechanism enables directors and employees to report to the Management their concerns about unethical behaviours, actual or suspected fraud or violation of the Company's code of conduct or ethics policy and leak or suspected leak of unpublished price sensitive information. This mechanism provides safeguards against victimisation of directors/employees who avail of the mechanism and provides for direct access to the Chairman of the Audit Committee in exceptional cases. The policy has been appropriately communicated to the employees within the organisation and has also been hosted on the Company's website.

During FY 2018-2019, none of the employees has been denied access to the Audit Committee under this policy.

Core skills and expertise of directors

As stipulated under Schedule V to the Listing Regulations, the Board has identified the following core skills/expertise/competencies required in the context of the Company business(es) and sector(s) for it to function effectively and possessed by the Board. The table 4 below gives details of the same:

Table 3: Core skills/expertise/competencies:

Sr. No.	Category
1	Knowledge on the Company's business
2	Financial and Management skills
3.	Behavioural skills
4.	Sales and marketing
5.	Corporate Governance and Ethics

SUBSIDIARY COMPANIES

During the FY 2018-19 your Company has seven subsidiaries including one step down subsidiary and the details are as under:

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

* CMS Katra Holdings LLC holds 100% shareholding in CMS Katra Nursing LLC; hence CMS Katra Nursing LLC is a stepdown subsidiary of your company.

The policy on determining material subsidiaries is available on the Company's website <https://www.keralaayurveda.biz/investor-relationships>. Ayurvedagram Heritage Wellness Centre Pvt Ltd is material subsidiary within the meaning of the Listing Regulations. During FY 2018-19, the Audit Committee reviewed the financial statements and in particular, the investments made by the unlisted subsidiary companies. Minutes of the Board meetings of the subsidiary companies were regularly placed before the Board of the Company. The Board periodically reviewed the statement of all significant transactions and arrangements, entered by the unlisted subsidiary.

RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during FY 2018-19 were on an arm's length basis and in the ordinary course of business under the Act except with M/s. Ayurvedagram Heritage Wellness Centre Private Limited, Material Subsidiary of the Company. The details of which are mentioned in **AOC-2** which forms a part of the Annual Report. There were no materially related party transaction entered during the year. All related party transactions during FY 2018-19 were entered with the approval of the Audit Committee pursuant to provisions of Act and the Listing Regulations. The details of such transactions were placed before the Audit Committee for noting/review, on a quarterly basis.

A statement showing the disclosure of transactions with related parties as required under Indian Accounting Standard 24 (Ind AS 24) issued by Institute of Chartered Accountants of India is set out separately in this Annual Report.

During the FY 2018-19, there were no materially significant related party transactions that may have potential conflict with the

interest of the Company at a large. The policy to determine on dealing with related party transactions has been framed and the same is disclosed on the Company's website at the link <https://www.keralaayurveda.biz/investor-relationships>.

AUDIT COMMITTEE

The Audit committee comprises of four directors viz. Mr. Subramaniam Krishnamurthy - Chairman, Mr. Madireddi Chandran Mohan, Mr. Kshiti Ranjan Das and Mr. Anand Subramanian as members as on 31st March, 2019. Two-Third of the Members of this committee are independent directors and Chairman is an Independent Director.

The terms of reference of the Committee include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions of the Company with related parties.

Meeting and attendance

During the FY 2018-19, the Committee met four times. The gap between any two meetings has been less than one hundred and twenty days. The Company Secretary has acted as the secretary of the Committee.

Mr. Subramaniam Krishnamurthy, Chairman of the Audit Committee was present at the AGM of the Company held on 15th November, 2018 to answer member's queries.

Table 4: Composition of the Audit Committee and attendance record of the members for FY2018-19

Name of the director	Category	No. of meetings attended (out of 4)
Mr. Subramaniam Krishnamurthy	Chairman, non-executive, independent	4
Mr. Madireddi Chandran Mohan	Non-executive, independent	1
Mr. Anand Subramanian	Non-executive	3
Mr. Kshiti Ranjan Das	Non-executive, independent	4

The Functional Directors, Senior Managers, Chief Financial Officer, Internal Auditors and Statutory Auditors are invited to attend the meetings of the Audit Committee as and when necessary. The company Secretary acts as Secretary to the Committee. The Board accepted all the recommendations of the Audit Committee during the year.

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of the Act, the Listing Regulations, the Company has constituted a Nomination and Remuneration Committee. All the directors of the Committee were non-executive and 50% of the directors were independent directors.

The terms of reference of the Committee include formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and Senior Management and specifying the manner for effective evaluation of performance of Board, its Committees, Chairperson and individual directors, recommendation of remuneration policy for directors, key managerial personnel and other employees, formulation of criteria for evaluation of independent directors and the Board, devising a policy on Board diversity, etc.

Meeting and attendance

During the FY 2018-19, the Committee met two times.

Table 5: Composition of the Nomination and Remuneration Committee and attendance record of the members for FY2018-19

Name of the director	Category	No. of meetings attended (out of 2)
Mr. Subramaniam Krishnamurthy	Chairman, non-executive, independent	2
Mr. Ramesh Vangal	Non-executive	2
Mr. Kshiti Ranjan Das	Non-executive, independent	2

STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the Act and the Listing Regulations, the Company has constituted a Stakeholders Relationship Committee. The committee oversees the transfer of shares, and complaints and grievances of security holders and investors of the Company. More details on this subject and on shareholders' related matters have been furnished in 'General Shareholder Information'.

Meeting and attendance

During the FY 2018-19, the Committee met six times.

Name of the director	Category	No. of meetings attended (out of 6)
Mr. Anand Subramanian	Chairman, non-executive	5
Dr. Kunjupanicker Anilkumar	Wholetime Director (Executive)	6
Mr. Subramaniam Krishnamurthy	Non-executive, independent	1

Mr. Anand Subramanian, Chairman of the Committee was present at the AGM of the Company held on 15th November, 2018 to answer the queries of the members.

No. of shareholder's complaints received during the Financial Year 2018-19	NIL
Number of complaints solved to the satisfaction of the shareholder	NA
Number of pending complaints as on 31st March, 2019	NA

Mr. Raghunadhan, Company Secretary was the Compliance officer of the Committee till 31st January, 2019. He resigned from the post of Company Secretary with effect from 31st January, 2019. Ms. Surbhi Sharma was appointed as the Company Secretary with effect from 29th May, 2019 and is the compliance officer of the Committee with effect from 29th May, 2019.

MEETING OF INDEPENDENT DIRECTORS

Pursuant to the Act and the Listing Regulations, the independent directors shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors of the Company met on 14th August, 2018 and:

- noted the report on performance evaluation for the year 2018-19 from the Chairman of the Board;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive director and non-executive directors; and
- assessed the quantity, quality and timely flow of information between the Management and the Board and found it to be in line with the expectations.

Mr. Kshiti Ranjan Das was elected Chairman for the meeting. All independent directors were present at the meeting.

REMUNERATION OF DIRECTORS**Pecuniary relationship or transactions of non-executive directors**

During the FY 2018-19 there were no pecuniary relationships or transactions of any non-executive directors with the Company.

Criteria of making payments to non-executive directors

Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making and provide leadership and strategic guidance while maintaining an objective judgment. They also oversee the corporate governance framework of the Company. The criteria of making payments to non-executive directors are placed on the Company's website <https://www.keralaayurveda.biz/investor-relationships>.

Details of remuneration of directors

All non-Executive directors are paid sitting fees as per the details provided in the annexure to the Director's Report in Form MGT-9 i.e. extract of the Annual Return (**Annexure 5**). No commission is paid to the non-executive directors.

During the Financial Year 2018-19, the Company has paid remuneration to Dr. Kunjupanicker Anilkumar, Wholetime Director of the Company as provided in the annexure to the Director's Report in Form MGT-9 as (**Annexure 5**). The tenure of the Wholetime Director is for 3 years with the notice period of 3 months or salary in lieu of thereof. The performance pay/bonus of the Wholetime Director is based on the performance of the Company and his contribution for the same. During the Financial Year 2018-19 no stock options were granted to the Wholetime Director. The Wholetime Director is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company. During the Financial Year 2018-19 the Company did not advance any loan to its directors.

Disclosure of material transactions

Pursuant to the Listing Regulations, the Senior Management is required to make disclosures to the Board relating to all material, financial and commercial transactions where they had or were deemed to have had personal interest that might have been in potential conflict with the interest of the Company.

COMPLIANCE REGARDING INSIDER TRADING

KAL has formulated "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" to ensure timely and adequate disclosure of Unpublished Price Sensitive Information. This is published on the company's website www.keralaayurveda.biz/investor-relationships. The Company also has a Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The code was amended so as to align it with the new regulation i.e. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("Regulations").

MEANS OF COMMUNICATION

The quarterly and annual financial results of the Company are uploaded on the website of the Company and BSE Listing Centre in accordance with the requirements of SEBI Listing Regulations, 2015. The financial results are displayed on the BSE website. The Financial results are also published in Business Line (English) and Deepika (Malayalam) newspapers and posted on the Company's website www.keralaayurveda.biz. In terms of Listing Regulations, the Company has designated email ID for dealing with the Investor's complaints viz., investor@keralaayurveda.biz. The official media releases and presentations made to Institutional Investors/Analysts and transcript/ audio recording of Analyst Calls if any are posted on the Company's website.

INFORMATION ON GENERAL BODY MEETINGS

The last three AGMS of the Company were held at Green Park Auditorium, N H 47, Desom, Aluva- 683103 on the following dates and time:

2016	29 th September, 2016	At 3.30 P.M.
2017	27 th September, 2017	At 3.30 P.M.
2018	15 th November, 2018	At 3.15 P.M.

DETAILS OF SPECIAL RESOLUTION (s) PASSED AT THE LAST THREE AGMS AND THROUGH POSTAL BALLOT DURING FY 2018-19

i. Special resolutions passed at the last three AGMs:

At the AGM held on 29th September, 2016 no special resolution was passed.

At the AGM held on 27th September, 2017 special resolution was passed for entering into an agreement with Ayurvedagram for sale of medicines.

At the AGM held on 15th November, 2018 special resolution was passed for Reappointment and remuneration of Dr. Kunjupanicker Anilkumar.

ii. Special resolutions passed through postal ballot during the FY 2018-19

No postal ballot was conducted during the period under reference. . At present, there is no proposal to pass any special resolution through postal ballot

DETAILS OF CAPITAL MARKET NON-COMPLIANCE, IF ANY

The Company has complied with all the applicable legal requirements and no penalty or stricture has been imposed on the Company by any of the stock exchanges, SEBI or any other statutory authority, in any matter related to capital markets, during the last three years.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The disclosure as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is given below:

Number of complaints filed during FY 2018-19	NIL
Number of complaints disposed of during FY 2018-19	NA
Number of complaints pending as on end of FY 2018-19	NIL

COMPLIANCE CERTIFICATE

The Wholtime Director and CFO have certified to the Board with regard to the financial statements and other matters as required under the Listing Regulations.

REPORT ON CORPORATE GOVERNANCE

This chapter read together with the information given in the section on 'General Shareholder Information', constitute the report on corporate governance during FY 2018-19. A section on 'Management Discussion and Analysis' for FY 2018-19 is also included in this Annual Report. The Company duly submits the quarterly compliance report to the stock exchanges.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained a certificate from its Statutory Auditors regarding compliance with the provisions relating to corporate governance laid down in the Listing Regulations. This certificate is annexed to the 'Directors' Report'.

STATUTORY AUDITORS

M/s. Biju George & Co., Chartered Accountants are the Statutory Auditors of the Company. Total fees paid by the Company and its subsidiaries, on consolidated basis to the Auditors including all entities in their network firm/entity of which they are a part is given below:

Payment to Statutory Auditors	FY 2018-19 (In Lakhs)
Audit Fees	2,10,000
Reimbursement of expenses	28,530
Total	2,38,530

COMPLIANCE OF MANDATORY REQUIREMENTS UNDER THE LISTING REGULATIONS

The Company has complied with the mandatory requirements of the Listing Regulations.

GENERAL SHAREHOLDER INFORMATION

27th Annual General Meeting

Date	24 th September, 2019
Time	2:30 pm
Venue	Green Park Auditorium, N H 47, Desom, Aluva- 683103

Financial calendar for FY 2019-20

Unaudited first quarter financial results	Before 15 th August, 2019
Unaudited second quarter financial results	Before 15 th November, 2019
Unaudited third quarter financial results	Before 15 th February, 2020
Annual Accounts for FY 2019-20	During May 2020
Annual General Meeting for the year ending 31st March, 2020	During September 2020

Registrar & Share Transfer Agents:

M/s. Integrated Registry Management Services Pvt. Ltd, (earlier known as Integrated Enterprises (India) Ltd.) Chennai having office at Ernakulam 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. Shareholders/ 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 Registry Management Services Pvt 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 : csdstd@integratedindia.in

Date of book closure

The register of members and share transfer books of the Company will remain closed from 17th September, 2019 to 24th September, 2019 (both days inclusive).

Dividend

The Directors do not recommend payment of dividend for the Financial -Year 2018-19.

Share transfer system

At the meetings of the Stakeholders Relationship 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 subdivision cum Demat scheme for those shareholders who are submitting their shares for subdivision. 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.

Dematerialisation/rematerialisation of shares and liquidity

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares, the Shareholder has to open a Demat account with a Depository Participant (DP). The Shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the Demat request, both physically and electronically and after verification, the Shares are dematerialized, and an electronic credit of shares is given in the account of the Shareholder.

As on 31st March, 2019, 91.56% of the Company's total shares representing 96,64,626 shares are held in dematerialised form and 8.44% representing 891044 shares are in physical form.

Category	Number	% of Total Equity
Demat Mode		
NSDL	85,85,137	81.33
CDSL	10,79,489	10.23
Physical Mode	8,91,044	8.44
Grand Total	1,05,55,670	100.00

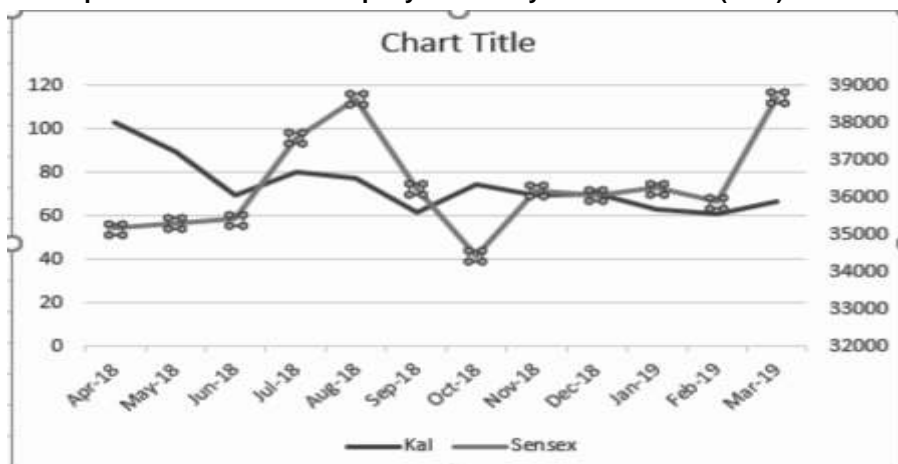
Listing on stock exchange and stock code

BSE Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai- 400001
Phones : (022) 22721233/4, 91-22-66545695
Fax : (022) 22721919
Stock Code: 530163

Annual listing fees, as prescribed, have been paid to the said Stock Exchanges upto 31st March 2020
Market Price Data: High and low during each month in the financial year 2018-19

Month	High	Low	Average	Month	High	Low	Average
Apr-18	105	81	93	Oct-18	84	55	70
May-18	105	84	94	Nov-18	85	68	77
Jun-18	92	69	80	Dec-18	74	65	70
Jul-18	83	65	74	Jan-19	77	61	69
Aug-18	85	74	80	Feb-19	66	57	62
Sep-18	79	60	70	Mar-19	69	57	63

Stock performance of the Company :Kerala Ayurveda Limited (KAL) vs. BSE Sensex



Distribution of shareholding

Sl.No	Nominal value of shares From To	No. of holders	% of Total holders	Total Face Value of Shares	% to total face value
1	Upto 5000	7755	90.71	759306	7.19
2	5001 10000	393	4.60	308966	2.93
3	10001 20000	182	2.13	273416	2.59
4	20001 30000	79	0.92	203633	1.93
5	30001 40000	31	0.36	111840	1.06
6	40001 50000	21	0.25	97661	0.93
7	50001 100000	39	0.46	275789	2.61
8	Above 100001	49	0.57	8525059	80.76
	Total	8549	100.00	10555670	100.00

Shareholders Profile as on 31st March,2019

Sl. No.	Category	Holders	Holders %	No. of Shares	Shares %
1.	Bank's	1	0.01	1709	0.02
2.	Bodies Corporate	83	0.97	263905	2.50
3.	Clearing Member	29	0.34	34509	0.33
4.	Directors & Relatives	3	0.04	991	0.01
5.	Foreign Institutional Investors	1	0.01	25737	0.24
6.	HUF	74	0.87	29689	0.28
7.	Limited Liability Partnership	1	0.01	469	0.00
8.	Mutual Fund	1	0.01	2976	0.03
9.	N R I	131	1.53	756722	7.17
10.	Promoters	1	0.01	6493435	61.52
11.	Resident Indian	8224	96.20	2945528	27.90
	Total	8549	100.00	10555670	100.00

Global Depository Receipts , American Depository Receipts

The capital of the Company comprises only Equity Shares and the company is not having preference shares, outstanding ADRs or GDRs.

Plant Location

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

Kerala Ayurveda Limited- Raw Drug Division, Athani PO, Kottai-683585

Commodity Price Risk or Foreign Exchange Risk and hedging activities

There are no imports from abroad and no foreign borrowings and the export receivables are insignificant and forex fluctuations do not have any material impact on the profitability of the Company. The Company is not carrying out any hedging activities. The Company is dealing with natural products and any increase in the price of raw material or commodity will impact the cost of the product. The company has the ability to increase the price of the product to cover the cost.

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-683 585. Ph : 0484-2476301 (4 lines), Fax : 0484-2474376 Email: companysecretary@keralaayurveda.biz : investor@keralaayurveda.biz	M/s. Integrated Registry Management Services P. Ltd., Kences Towers, 2nd Floor Ramakrishna Street, Off North Usman Road T Nagar, Chennai-600 017 Ph: 044-28140801-03 Fax : 044-28142479 E-mail : csdstd@integratedindia.in

Other 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.

All transactions with related parties were in the ordinary course of business and at arm's length. The company has not entered into any transaction of a material nature with any of the related parties which are in conflict with the interest of the company.

**On behalf of the Board of Directors
For Kerala Ayurveda Limited**

Sd/-

Ramesh Vangal
(DIN 00064018)
Chairman

Place: Bengaluru
Date : 12th August, 2019

COMPLIANCE WITH CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

To,

The Members of
Kerala Ayurveda Ltd.,

As provided under SEBI (Listing of Obligations and Disclosure Requirements), Regulations, 2015 all Directors and Members of the Senior Management have affirmed compliance with the code of conduct during the financial year ended 31st March, 2019

For Kerala Ayurveda Ltd.

Sd/-

Dr. Kunjupanicker Anilkumar
Wholtime Director
(DIN 00226353)

Place: Bengaluru
Date : 12th August, 2019

AUDITORS CERTIFICATE

To

The Members of
Kerala Ayurveda Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Kerala Ayurveda Limited, for the Financial Year ended on 31st March, 2019, as stipulated in Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 BIJU GEORGE & CO

Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, B Sc, FCA

Proprietor
Membership No.206233

Place: Thodupuzha
Date: 12th August, 2019

CEO /CFO CERTIFICATION

To,

The Board of Directors,
Kerala Ayurveda Limited

We, the undersigned, in our respective capacities as Wholtime Director and Chief Financial Officer of Kerala Ayurveda Limited ("the Company"), to the best of our knowledge and belief certify that:

1. We have reviewed financial statements and cash flow statement for the financial year 2018-19 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are to the best of our knowledge and belief, no transactions entered into by the company during the financial year ended on 31st March, 2019 which are fraudulent, illegal or violative of the company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. During the period under review, no significant changes were observed in the internal controls over financial reporting and accounting policies of the Company. Furthermore, there are no instances of fraud and the Involvement therein of the management or employees having a Significant role in the company's internal control system over financial reporting.

For Kerala Ayurveda Limited

Sd/-

Sd/-

Place: Bengaluru
Date: 14th August, 2019

Dr. Kunjupanicker Anilkumar
Wholetime Director
(DIN: 00226353)

Arvind Agarwal
Chief Financial Office

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members
KERALAAYURVEDALIMITED
VII/415, Nedumbaserry, Athani P.O.,
Alwaye - 683585, Kerala, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of KERALA AYURVEDA LIMITED having CIN: L24233KL1992PLC006592 and having registered office at VII/415, Nedumbaserry, Athani P.O., Alwaye - 683585, Kerala, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
1	Mr.RameshVangal	64018	02.09.2006
2	Mr.GokulPatnaik	27915	28.05.2016
3	Mr.Anand Subramanian	64083	11.10.2010
4	Mr.Subramaniam Krishnamurthy*	140414	29.09.2007
5	Dr.KunjupanickerAnilkumar	226353	28.06.2006
6	Mr.MadireddiChandran Mohan Madireddi*	633439	29.09.2007
7	Ms.Shailaja Chandra*	3320688	11.11.2017
8	Mr.KshitiRanjan Das	7212449	06.11.2015

*These Directors have ceased to be on board after 31.03.2019 pursuant to Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 since they have attained 75 years of age.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVJS & Associates
Company Secretaries

Kochi
12-08-2019

sd/-
CS Vincent P.D.
Senior Partner
CP No.: 7940, FCS: 3067

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. ECONOMIC OVERVIEW

Global Economic growth remains subdued. Global growth is forecast at 3.2 percent in 2019, picking up to 3.5 percent in 2020 as per IMF. Global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. GDP releases so far this year, together with generally softening inflation, point to weaker-than-anticipated global activity.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups. India is expected to grow at 7% in 2019-20, Indian Government is targeting to be a \$5 Trillion Economy by 2024-25.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

Ayurvedic products are increasing in popularity. A recent report unveiled at the Global Ayurveda Summit in Kochi found that 77 percent of Indian households used them in 2017 This is up from 69 percent of households in 2015. Many Indians are turning to Ayurveda and other alternative medicine systems and treatments, such as unani, siddha, naturopathy, and homoeopathy. The industry is anticipated to almost triple in size in the coming years. By 2022, the market will reach US\$ 9.7 billion in size.

Kerala Ayurveda Limited has a long heritage of over 74 years and pioneer in bringing efficacious Proprietary Range of Ayurveda products and first to setup treatment center's outside Kerala. It is a full spectrum Ayurveda company which manufactures Ayurveda Medicines both Classical and Proprietary, operates treatment centers, Hospital and Ayurveda Resorts all over India, has Ayurveda Academy in India & US and does Ayurveda Research. KAL is Powered by various Pioneering Entities like Katra Phytochem (India) Private, Renovel Discoveries, USA and Asthagiri Herbal Research Foundation, India, that ensure that all batches of its Products meet the Highest Standards of Safety, Purity and Efficacy. KAL is the first Public Limited Company in Ayurvedic domain, Kerala Ayurveda Limited is truly on a mission to be the number one choice in Ayurveda Globally.

3. OPPORTUNITIES

We believe the following are our competitive opportunities:

- Strong R & D capability, many new products under development. Develop medicines which can provide relief to medical conditions for which allopathy medicines do not provide much relief.
- Have fully integrated GMP manufacturing facility to manufacture both classical and proprietary ayurvedic formulations in the most hygienic condition and strict adherence to prescribed norms.
- Have Competent and experienced team of experts for the standardization of treatments. Growing the well-established network of clinics and treatment centre and distribution centres.

4. RISK, CONCERNS AND THREATS

The market has both organized and unorganized players and the capability and the strengths differ. But both are classified under Ayurveda industry. So, the organized sector has to work hard to maintain the parameters so that the high standards are maintained, and customers should not lose faith in the practice. Major threats for Ayurveda industry are regulatory concerns, consumer perceptions and competition. The regulatory agencies all over the world are focusing on the Quality, efficacy, safety and standardization of herbal medicines. Your company has been working in this area. We have demonstrated excellence in quality of our medicines and KAL is well positioned in the market for quality products. We rely on repeat business based on the strength of our client relationship and a major portion of our revenue comes from key clients. Initiatives are focused on improving client relationship.

5. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

The primary business segment of your Company is Ayurveda and hence no segment wise reporting is required.

6. FUTURE OUTLOOK

While the government is on a major drive to Promote Yoga and Ayurveda Globally as Key Wellness Initiative, inadequate scientific scrutiny and concerns regarding standards and quality is of major concern. This has prompted the Department of Ayush to enforce a stricter regime under 'National Ayush Mission'. The National Rural Health Mission has a declared policy of promoting 'Pluralistic Healthcare' by involving, alongside the allopathic system, the AYUSH systems, including local health traditions in its operational mission. Insurance companies have started accepting Ayurveda Treatments under insurance claims.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has strong internal controls systems commensurate with the nature of its business, the size and complexity of its operations. In order to ensure orderly and efficient conduct of business the company has put in place systems which include policies and procedures, IT systems, delegation of authority, segregation of duties, internal audit and review framework etc. The team is cognizant of applicable laws and regulations particularly those related to protection of resources and assets, and the accurate reporting of financial transactions. The audit findings are reviewed by the audit committee.

8. FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

The company achieved a stable top line of Rs. 4359.18 Lakhs in 2018-19 as compared to previous year's sales of Rs 4095.07 Lakhs. The profit after Tax for the year under review is Rs 120 Lakhs as against Rs 230 Lakhs in the previous year mainly on account of Kerala Floods impact.

During recent Kerala Floods in August 3 depots and 1 Treatment centre was affected by flood water, the company had insurance cover and was able to recoup some of the losses, but loss of production and loss of revenue for 2 months have affected the profitability of the company. This disruption required extraordinary efforts towards repairs, refurbishment, working capital mobilisation to recoup momentum, while managing a dynamic situation and sustaining morale.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT AND NUMBER OF PEOPLE EMPLOYED

The company places great emphasis on its employees and believes that they are the core of the Corporate Purpose. The HR mission is to empower employees to make continuous improvements and enhance their professional skills. The company believes in respecting the individual rights and dignity of the people. The company believes that human resources are the most valuable assets and a major driver for achieving its goals.

Your company continues to invest in human resources to build new businesses while simultaneously improving the individual & organisational preparedness for future challenges.

The manpower strength of the Company as on 31st March 2019 was 335 permanent employees including Management Staff across different locations.

10. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

In accordance with SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year), None of the ratios except Profit After Tax (PAT) has dropped by 62% on account of impact of Kerala floods and similarly Operating Profit % has also dropped by 36%. Interest coverage ratio has also decreased by 46% as the Net profit has dropped in the current year.

11. DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR

Return on Net Worth is 8.4% in the current year as compared to 16.1% in the previous financial year the drop is on account of lower profits as Kerala Floods impacted the revenues and profitability of the business.

INDEPENDENT AUDITOR'S REPORT

To the Members of Kerala Ayurveda Limited,
Report on the Audit of the Standalone Financial Statements.

Opinion.

1. We have audited the accompanying standalone financial statements of Kerala Ayurveda Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (Including other Comprehensive Income), the Cash Flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the act, of the state of affairs (financial position) of the Company as at March 31, 2019 and its profit (financial performance including other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to Our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Refer to note 2.f 'Inventories' to the standalone financial statements. The total value of inventory as of March 31, 2019 amounted to ` 1,075 lakhs representing 12.34% of the total assets (2018: 996 Lakhs, 9.96% of the total assets). Inventories are measured at the lower of cost and net realisable value on FIFO basis. The valuation of inventory is dependent on establishing appropriate valuation controls. We focused on this area as Management judgement is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgements are key elements in the valuation of inventories.	<p>We have performed the following principal audit procedures in relation to Inventory valuation:</p> <ul style="list-style-type: none"> • We tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. • We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory. • We evaluated the significant judgements and estimates made by Management in applying Company's accounting policy in relation to indirect production costs. • We assessed the Company's disclosures in the financial statements in respect of inventory.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. we also:
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the act , we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, We are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern and
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act , we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
15. Further to our Comments in Annexure A, as required by section 143(3) of the Act, We report that:
 - a. We have sought and 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 it appears from our examination of those books
 - c. The standalone financial statements dealt with by this report are in agreement with the books of account
 - d. In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act
 - e. On the basis of the written representations received from the directors and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) the Company does not have any pending litigations which would impact its financial position
 - ii) the Company does not have any long-term contracts requiring a provision for material foreseeable losses.
 - iii) The Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

For **Biju George & Co**
Chartered Accountants
Firm's Registration No 007920S
Sd/-

Biju George
Proprietor
Membership No 206233

Place: Bengaluru
Date: May 29, 2019

Annexure A to the Independent Auditor's Report

The annexure referred to in Independent Auditors report to the members of The Company on the standalone financial statements for the year ended 31st March 2019, We report that .

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets.
- ii. (b) The company has a program of verification to cover all the items of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- iii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification
- iv. According to the information and explanations given to us, the Company has granted unsecured loans to subsidiaries covered in the register maintained under Section 189 of the Act, in respect of which
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the company's interest.
 - b) The Schedule of Repayment has been stipulated for the loans granted and repayments are regular.
 - c) There are no overdue amount remaining outstanding as at the year-end
- v. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of the section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- vi. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Sub-Section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- viii. Undisputed statutory dues including GST, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- ix. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to Banks, Financial Institutions, Government or debenture holders. The Company did not have any outstanding debentures during the year.
- x. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- xi. To the best of our knowledge and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- xii. According to the information and explanations given to us and based on our examination of the records of the Company, The Company has paid/provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- xiii. The Company is not a Nidhi Company. Therefore the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiv. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into non-cash transactions with directors or persons connected with him; Accordingly Paragraph 3 (xv) of the Order is not applicable.

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

For **Biju George & Co**
Chartered Accountants
Firm's Registration No 007920S
Sd/-

Biju George
Proprietor
Membership No 206233

Place: Bengaluru
Date: May 29, 2019

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the standalone financial statements of Kerala Ayurveda Limited ("the Company") as of and for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of the Company as of that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial Controls over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Controls over Financial Reporting include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that Internal Financial Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Biju George & Co**
Chartered Accountants
Firm's Registration No 007920S

Sd/-

Biju George
Proprietor
Membership No 206233

Place: Bengaluru
Date: May 29, 2019

Kerala Ayurveda Limited

Balance Sheet As At 31st March, 2019

Particulars		Note No.	As at 31.03.2019 Amount in `	As at 31.03.2018 Amount in `
A	ASSETS			
	Non-Current assets			
	Gross Block			
	Less: Depreciation Reserve			
	(a) Fixed Assets			
	property, plant & equipment	4	165,752,870	164,261,792
	Capital work in progress		99,384,243	86,459,243
	Other Intangible Assets		475,173	662,661
	Financial Assets			
	(i) Investments	5	114,658,320	114,658,320
	(ii) Loans	6	189,922,730	177,497,878
	(iii) Other Financial assets	7	12,637,209	12,350,287
	Income Tax assets(net)	8	14,327,702	16,978,526
	Total Non current Assets		597,158,246	572,868,706
	Current Assets			
	Inventories	9	107,496,660	99,630,937
	Financial assets			
	(i) Trade Receivables	10	88,185,266	71,678,766
	(ii) Cash and Cash equivalents	11	8,406,154	43,414,376
	Other current assets	12	70,183,020	212,458,936
	Total Current Assets		274,271,100	427,183,016
	TOTAL ASSETS		871,429,347	1,000,051,722
B	EQUITY AND LIABILITIES			
	Equity			
	Equity Share Capital	13	105,556,700	105,556,700
	Other Equity	14	29,360,482	71,163,285
	Total Equity		134,917,182	176,719,985
	Liabilities			
	Non-Current Liabilities			
	Financial Liabilities			
	(i) Borrowings	15	450,757,138	387,393,367
	Provisions	16	37,123,826	34,044,691
	Other non current Liabilities	17	3,015,000	3,715,000
	Deferred Tax Liability (Net)		5,695,206	6,583,911
	Total Non Current Liabilities		496,591,170	431,736,969
	Current liabilities			
	(i) Borrowings	18	154,570,499	308,559,613
	(ii) Trade payables	19	37,725,492	32,072,105
	Other current liabilities	20	38,683,482	37,127,504
	Provisions	21	8,941,521	13,835,544
	Total Current Liabilities		239,920,995	391,594,767
	Total Liabilities		736,512,165	823,331,736
	Total Equity and Liabilities		871,429,347	1,000,051,722
	The accompanying notes form an integral part of these financial instruments in terms of our report attached			

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-

RAMESH VANGAL
Chairman

Sd/-

SURBHI SHARMA
Company Secretary

Sd/-

Dr K ANILKUMAR
Executive Director

Sd/-

ARVIND AGARWAL
Chief Financial Officer

Kerala Ayurveda Limited

Profit & Loss Statement for the period ended 31st March, 2019

	Particulars	Note No.	For the period ended 31st Mar, 2019	For the period ended 31st Mar, 2018
			Amount in `	Amount in `
	Income			
	Revenue from operations	22	464,898,839	437,682,732
	Other income	23	2,553,524	2,638,502
			467,452,363	440,321,234
	Total revenue		467,452,363	440,321,234
	Expenses			
	(a) Cost of Materials consumed	24	121,351,437	95,273,738
	(b) Purchases of Medicines (Stock In Trade)	25	3,106,051	3,121,161
	(c) Changes in Inventories of FG, WIP & Stock In Trade	26	(4,535,869)	(2,811,346)
	(d) Employee benefits expense	27	143,399,078	128,271,837
	(e) Finance costs	28	20,811,133	15,594,338
	(f) Depreciation	29	5,615,093	5,056,961
	(g) Other expenses	30	172,989,687	161,806,858
	Total Expenses		462,736,610	406,313,548
	Profit Before Extraordinary items and Tax (3 - 4)		4,715,753	34,007,686
	Add: Exceptional Items			
	Profit / (Loss) Before Extraordinary items and Tax(5 - 6)		4,715,753	34,007,686
	Add: Extraordinary Items		12,790,942	-
	Profit Before Tax (5 - 6)		17,506,695	34,007,686
	Tax expense:			
	(a) Current tax		3,604,069	6,933,777
	(b) Deferred tax		(888,705)	11,002,236
	(c) (Less): MAT credit (where applicable)		2,804,407	(6,933,777)
			5,519,771	11,002,236
	Profit for the period		11,986,924	23,005,450
	Other comprehensive income			
	Items that will not be reclassified to Profit or Loss		(652,893)	5,456,290
			11,334,031	28,461,740
	Earnings Per Equity Share			
	Basic & diluted [Nominal value of shares ` 10/- each]		1.07	2.70
	Significant Accounting Policies			
	See accompanying notes 1 to 40 forming part of the financial statements.			

In terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-

RAMESH VANGAL
Chairman

Sd/-

SURBHI SHARMA
Company Secretary

Sd/-

Dr K ANILKUMAR
Executive Director

Sd/-

ARVIND AGARWAL
Chief Financial Officer

Kerala Ayurveda Limited

Cash Flow Statement for the year ended 31st March, 2019

Particulars	For the year Ended 31st March, 2019 Amount in `	For the year Ended 31st March, 2018 Amount in `
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Interest	38,317,828	49,602,024
Adjustment to reconcile Profit Before Tax to Net Cash Flows		
Interest Received	(2,553,524)	(2,638,502)
Finance Cost(Fair value change in Financial Instruments)	(66,214,580)	24,191,173
Finance Income (Fair value change in Financial Instruments)	12,424,852	(18,734,882)
Depreciation and Amortisation	5,615,093	5,056,961
Insurance Claim Received	(12,790,942)	
(Profit)/Loss on sale of fixed assets	31,711	(17,352)
Operating profit before working capital changes	(25,169,562)	57,459,422
Adjustments for:		
Trade receivables	(16,506,500)	(9,501,559)
Inventories	(7,865,723)	(6,584,859)
Other Current Assets	142,275,916	(170,883,698)
Other Financial Assets	(286,922)	1,267,971
Income tax Assets	2,650,824	(6,843,782)
Trade Payables	5,653,387	12,384,451
Current Financial liabilities- Provisions	(4,894,023)	701,277
Other Current Liabilities	1,555,978	8,071,133
Non- Current Financial liabilities- Provisions	3,079,135	5,436,173
Other non current liabilities	(700,000)	(200,000)
Cash generated from operations	124,962,073	(166,152,892)
Direct taxes paid	(6,408,476)	
Net cash from operating activities A	93,384,035	(108,693,470)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets(including Capital Work in progress)	(19,880,490)	(30,626,704)
Sale of fixed assets	5,096	60,848
Insurance Claim Received	12,790,942	-
Loans to Subsidiaries	(12,424,852)	5,903,163
Interest Received	2,553,524	2,638,502
Net cash used in Investing activities B	(16,955,780)	(22,024,190)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of long term loan	63,363,771	212,222,191
Repayment of long term loan		(366,801)
Net Increase/(Decrease) in Working Capital Borrowings	(153,989,114)	(35,722,375)
Finance Cost	(20,811,133)	(15,594,338)
Net cash from financing activities C	(111,436,476)	160,538,677
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(35,008,222)	29,821,015
Cash & Cash Equivalents at Beginning of year	43,414,376	13,593,361
Cash & Cash Equivalents at End of year	8,406,154	43,414,376
Net Increase/(Decrease) in Cash & Cash Equivalents	(35,008,222)	29,821,015

In terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-

RAMESH VANGAL
Chairman

Sd/-

SURBHI SHARMA
Company Secretary

Sd/-

Dr K ANILKUMAR
Executive Director

Sd/-

ARVIND AGARWAL
Chief Financial Officer

Kerala Ayurveda Limited

Statement of changes in equity

A Equity Share Capital

Particulars	Note	Amount in `
Balance as at 1st April 2018	13	105,556,700
Changes in equity share capital during the year		-
Balance as at 31st March 2019		105,556,700

B Other Equity

Particulars	Reserves and Surplus				
	Capital reserve	Share premium	General reserve	Retained Earnings	Total
Balances as at 1st April 2017					
Profit for the period	4,541,879	114,514,976	1,798,000	(78,153,310)	42,701,545
Other comprehensive income				23,005,450	23,005,450
Total comprehensive income for the year				5,456,290	5,456,290
Balance as at 31st March 2018	4,541,879	114,514,976	1,798,000	(49,691,570)	71,163,285
Balances as at 1st April 2018	4,541,879	114,514,976	1,798,000	(49,691,570)	71,163,285
Profit for the period				11,986,924	11,986,924
Other comprehensive income				(652,893)	(652,893)
Reinstatement of Long Term Loan on repayment				(53,136,834)	(53,136,834)
Total comprehensive income for the year	-	-	-	(41,802,803)	(41,802,803)
Balance as at 31st March 2019	4,541,879	114,514,976	1,798,000	(91,494,373)	29,360,482

The accompanying notes form an integral part of these financial instruments
In terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-

RAMESH VANGAL
Chairman

Sd/-

SURBHI SHARMA
Company Secretary

Sd/-

Dr K ANILKUMAR
Executive Director

Sd/-

ARVIND AGARWAL
Chief Financial Officer

Notes to financial statements

1. General Information / Corporate Information

Kerala Ayurveda Limited (the 'Company') is a Public Limited Company incorporated in India and having its registered office at VII/415, Nedumbassery, Athani P.O, Kerala-683585. The company is primarily focused in the area of manufacture of Ayurveda products, Ayurveda Research, Academies, Clinics, Hospitals, Ayurvedic Wellness Resorts and Services, cultivation of Ayurveda herbs and maintaining herbarium of medicinal plants.

2. Significant Accounting Policies:

a. Basis of preparation and presentation of financial statements

i. Accounting Convention

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provision of the Act.

ii. Historical cost convention

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

iii. Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the use of accounting 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.

iv. Fair Valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

b. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- o It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- o It is held primarily for the purpose of trading;
- o It is expected to be realised within twelve months after the reporting period; or
- o It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- o The Company classifies all other assets as noncurrent.

A liability is current when:

- o It is expected to be settled in normal operating cycle;
- o It is held primarily for the purpose of trading;
- o It is due to be settled within twelve months after the reporting period; or
- o There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- o The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

c. **Property, plant & Equipment**

i. *Property, plant and equipment*

All the items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on start-up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged off in the relevant reporting period in which they are incurred.

Cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

ii. *Intangible assets*

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.

- o Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- o Intangible assets that are acquired (including implementation of software system) are measured initially at cost.
- o After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

iii. *Biological Assets*

Biological assets are classified as bearer biological assets and consumable biological assets.

Consumable biological assets are those that are to be harvested as agricultural produce. Bearer biological assets which are held to bear produce capable of being used in manufacture are classified as bearer plants.

The Company recognises plants, bushes which are grown and ultimately consumed in the production process as consumable biological assets.

Considering the type of industry and the unpredictability of future economic benefit, expenditure incurred on bearer biological assets is not capitalised.

iv. Depreciation and amortization methods, estimated useful lives and residual value

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs.

Software is amortised over a period of five years being their useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation and amortization on property, plant and equipment and intangible assets added/discharged off during the year has been provided on pro-rata basis with reference to the date of addition/dischposal.

v. Derecognition

Property, plant and equipment and intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

d. Impairment of non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. Impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e. Financial instrument

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments in subsidiaries and joint ventures, loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade payables and financial guarantee contracts.

i. *Financial assets*

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. After initial recognition all financial assets (other than investments in subsidiaries and joint ventures, other equity investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial asset as Fair Value through Profit or Loss (FVTPL). A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets, (i.e. the shortfall between all contractual cash flows that are due and all the cash flows (discounted) that the entity expects to receive).

Investments in subsidiaries and joint ventures:

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27.

ii. *Financial liabilities*

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. After initial recognition, all financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company has not designated any financial liability as FVTPL.

f. **Inventories**

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimate realisable value. Stores and Spares are valued at Cost. The methods of determining cost of various categories of inventories are as follows:

Raw Materials	Cost
Stores and Spares	
Work in Progress	
Finished goods (Manufactured)	
Finished goods (Traded)	
Nursing Inventory	

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of excise duty wherever applicable. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

g. Trade Receivables

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. Management believes that the amounts that are past the credit period are still collectible in full based on historical payment behaviour and analysis of customer credit risk.

h. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

i. Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with maturity of three months or less, which are subject to an insignificant risk of changes in value. Balances held as margin money which are under lien against bank guarantee are classified as bank balances other than cash and cash equivalents.

j. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i. Current Income Tax

Current Income tax is measured based on the estimated taxable profit for the year and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

ii. Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future to allow the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted.

iii. Minimum Alternate Tax

In accordance with the prevalent tax laws, Minimum Alternative Tax ('MAT') paid over and above the normal income tax in any year is eligible for carry forward and set-off against normal income tax liability.

k. Revenue recognition

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product.

Revenue from service is recognised over a period of time as and when the services are rendered in accordance with the specific terms of contract with the customer.

Other Operating Revenue

Other Operating Revenue comprise of Income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

Revenue includes sale of cultivated plants. The entity has biological assets and agricultural produce is harvested from biological asset which are bearer biological assets and consumable biological assets.

l. Rent Deposit

As rent deposits do not meet the criteria of amortized cost, are measured at Fair value and classified as fair value through other comprehensive income.

m. Properties taken on lease

Properties taken on lease by the Company are in the nature of operating leases as the lease terms do not transfer substantially all risks and rewards incidental to ownership of such properties to the Company. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit or the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Interest free lease deposits are remeasured at amortised cost by the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expense uniformly over the lease period.

n. Capital Work in Progress

Project expenditure incurred as part of Development is capitalised under Capital Work in Progress as the costs can be reliably measured, future economic benefits are probable, the product is technically feasible and the Company has the intent and the resources to complete the project. Development assets are amortised based on the estimated useful life, as appropriate.

o. Other income

Other income consists of interest income on funds invested. Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest rate method on time proportion basis.

p. Employee benefits

i. Short-term benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave and other short term benefits in the period the related service is rendered at the undiscounted amount of the benefit expected to be paid in exchange for that service.

ii. Other Long Term benefits:

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Gratuity

The Company has an obligation towards gratuity as per actuarial valuation.

Provident fund

Payments to defined contribution plans are recognised as expense when employees have rendered service entitling them to the contributions.

The basis for determination of liability is as under:

	Gratuity	
	Current year	Previous year
Change in present value of obligation		
1. Present value of the obligation at the beginning of the year	3,80,77,743	3,15,65,052
2. Current service cost	27,60,290	20,50,031
3. Interest on defined benefit obligation	28,12,775	21,51,205
4. Actuarial (gain)/loss	8,04,859	47,07,653
5. Benefits paid	(7,73,197)	(23,96,198)
6. Present value of obligation at the end of the year	4,36,82,470	3,80,77,743
Liability recognized in the Financial statements		
Long term	3,71,23,826	3,40,44,691
Short term	65,58,644	40,33,052
Costs for the year		
Change in the present value of obligation		
1. Current service cost	27,60,290	20,50,031
2. Interest Cost	28,12,775	21,51,205
3. Actuarial (gain)/loss		-
Total Expenses	55,73,065	42,01,236
Main Actuarial Assumptions		
Discount rate (p.a)	7.45%	7.80%
Salary escalation rate (p.a)	8.00%	8.00%
Method	Projected Unit Credit Method	Projected Unit Credit Method

q. Finance Costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are charged to revenue.

r. Foreign Currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and recognised in profit or loss in the period in which they arise.

s. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

2019	Carrying Amount					Fair Value		
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	
Non-current financial assets								
Investments								
In subsidiaries(Unquoted)	11,33,67,970			11,33,67,970		11,33,67,970		
Non-trade (unquoted)	12,62,500			12,62,500		12,62,500		
Non trade(quoted)	27,850			27,850		27,850		
Loans			18,99,22,730	18,99,22,730		18,99,22,730		
Other Financial assets	1,26,37,209			1,26,37,209	1,26,37,209			
Current Financial asset								
Trade receivable	8,81,85,266			8,81,85,266	8,81,85,266			
Cash and cash equivalent	84,06,154			84,06,154	84,06,154			
	22,38,86,949		18,99,22,730	41,38,09,679				
Non-Current Financial liabilities								
Borrowings	30,38,36,298		14,69,20,840	45,07,57,138	30,38,36,298	14,69,20,840		
Current Financial liabilities								
Borrowings	15,45,70,499			15,45,70,499	15,45,70,499			
Trade Payables	3,77,25,492			3,77,25,492	3,77,25,492			
	49,61,32,289		14,69,20,840	64,30,53,129				

2018	Carrying Amount					Fair Value		
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3	
Non-current financial assets								
Investments								
In subsidiaries(Unquoted)	11,33,67,970			11,33,67,970		11,33,67,970		
Non trade (unquoted)	12,62,500			12,62,500		12,62,500		
Non trade(quoted)	27,850			27,850		27,850		
Loans			17,74,97,878	17,74,97,878		17,74,97,878		
Other Financial assets	1,23,50,288			1,23,50,288	1,23,50,288			
Current Financial asset								
Trade receivable	7,16,78,766			7,16,78,766	7,16,78,766			
Cash and cash equivalent	4,34,14,376			4,34,14,376	4,34,14,376			
	24,21,01,750		17,74,97,878	41,95,99,628				
Non-Current Financial liabilities								
Borrowings	20,05,68,445		18,68,24,922	38,73,93,367	20,05,68,445	18,68,24,922		
Current Financial liabilities								
Borrowings	30,85,59,613			30,85,59,613	12,99,77,872	17,85,81,741		
Trade Payables	3,20,72,105			3,20,72,105	3,20,72,105			
	54,12,00,163		18,68,24,922	72,80,25,085				

B. Measurement of fair values

The fair value of liquid mutual funds and long-term equity investment is based on quoted price. Fair values of certain non-current investment are valued based on discounted cash flow/book value/EBITDA multiple approach.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

Credit risk;
Liquidity risk; and
Market risk

i. Risk management framework

The Risk Management Committee of the Board is entrusted with the responsibility to assist the Board in overseeing and approving the Company's risk management framework. The Company has a comprehensive risk management policy relating to the risks that the Company faces under various categories like strategic, operational, reputational and other risks and these have been identified and suitable mitigation measures have also been formulated. The Risk Management Committee reviews the key risks and the mitigation measures periodically. The Audit Committee has additional oversight in the area of financial risks and control.

ii. Credit risk

Credit risk is the risk that counter-party will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and financing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the company is certain about the non-recovery.

iii. Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Kerala Ayurveda Limited

Note 4: Property, plant and equipment

Amount in `

At Cost	Land	Building	Plant & Machinery	Electrical Fittings	Furniture & Fixtures	Office Equipments	Computer & Accessories	Vehicles	Misc. Fixed Assets	Total	Web Dev. Expenditure	Capital work in progress
Gross Block as at 31st March 2018	111,801,866	49,653,953	39,486,926	5,115,173	30,516,572	12,974,133	9,704,978	4,013,968	2,494,436	265,762,004	1,027,979	86,459,243
Other acquisition	-	1,583,508	419,005	1,378,467	975,975	800,702	1,797,833	-	-	6,955,490	-	12,925,000
Disposal	-	-	330,725	15,417	-	-	-	640,153	-	986,295	-	-
Gross Block as at 31st March 2019	111,801,866	51,237,462	39,575,206	6,478,223	31,492,547	13,774,834	11,502,811	3,373,815	2,494,436	271,731,199	1,027,979	99,384,243
Depreciation & Impairment												
Balance as at 31st March 2018	-	23,193,381	29,068,277	4,128,640	24,040,891	10,143,174	8,733,439	2,048,185	144,226	101,500,213	365,318	-
Depreciation charge for the year	-	1,203,149	1,376,068	184,989	1,086,225	854,813	364,306	358,056	-	5,427,605	187,488	-
Disposal	-	-	326,697	14,646	-	-	-	608,145	-	949,488	-	-
Balance as at 31st March 2019	-	24,396,530	30,117,648	4,298,983	25,127,116	10,997,987	9,097,746	1,798,095	144,226	105,978,330	552,806	-
Carrying Value												
As at 31st March 2018	111,801,866	26,460,572	10,418,649	986,533	6,475,680	2,830,958	971,539	1,965,783	2,350,210	164,261,792	662,661	86,459,243
As at 31st March 2019	111,801,866	26,840,932	9,457,558	2,179,240	6,365,431	2,776,848	2,405,065	1,575,720	2,350,210	165,752,870	475,173	99,384,243

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Note	Particulars	As at 31st Mar, 2019	As at 31st Mar, 2018
		Amount in ₹	Amount in ₹
5	<u>Non Current Investments</u>		
	In Subsidiary Companies (Unquoted, At cost)		
	16,65,000 equity shares of ₹ 10 each in Ayurvedagram Heritage Wellness Centre Pvt Ltd	64,286,600	64,286,600
	100 Common stock of no par value in Nutravada Inc.	5,620	5,620
	100 Common stock of no par value in Ayu Natural Medicines Clinic PS., USA	21,516,252	21,516,252
	100 Common stock of no par value in Ayurvedic Academy Inc., USA	-	-
	817 Common stock of USD 1 par value in CMS Katra Holdings LLC, USA	27,242,710	27,242,710
	6201 Shares of face value 1 Sing \$ in Nutravada Pte Ltd, Singapore	-	-
	<u>Non Trade (Quoted, At cost)</u>		
	500 equity shares of ₹10 each fully paid up in Canara Bank Ltd(Quoted) Market Value Rs 189.83	27,850	27,850
	last Year ₹ 367.90 per share (Unquoted, At cost)	-	-
	114 Equity Shares of ₹.10000/- each in Confederation for Ayurvedic Renaissance Keralam Pvt Ltd	1,262,500	1,262,500
	Total	114,658,320	114,658,320
6	<u>Financial assets-Loans</u>		
	Loans to Subsidiaries	189,922,730	177,497,878
	Total	189,922,730	177,497,878
7	<u>Financial assets-Other financial assets</u>		
	Deposits with Govt. Authorities	1,129,617	1,088,027
	Deposits with others	7,847,142	7,795,442
	Bank Deposits with Original maturity more than 12 Months	3,665,450	3,466,819
	Total	12,637,209	12,350,288
8	<u>Income Tax assets (net)</u>		
	Income Tax advance	3,465,166	3,311,583
	MAT credit entitlement a/c	10,862,536	13,666,943
	Total	14,327,702	16,978,526
9	<u>Inventories</u>		
	Finished Goods	36,116,831	32,520,415
	Goods in transit	715,720	416,766
	Furnace Oil	177,111	230,076
	Packing Material	5,276,124	3,796,657
	Raw Material	12,994,620	11,164,228
	Stores & Spares	166,801	93,841
	Work in Progress	19,727,552	19,087,051
	WIP Nurse Training Deferred	32,321,902	32,321,902
	Total	107,496,660	99,630,937
10	<u>Financial assets- Trade receivables</u>		
	secured, considered	-	-
	Unsecured, considered good	88,183,266	71,678,766
	Doubtful	-	-
	Less, Allowance for Doubtful debts	-	-
	Total	88,183,266	71,678,766
11	<u>Cash and cash equivalents</u>		
	(a) Cash on hand	465,026	1,715,029
	(b) Cheques, drafts on hand	6,179,232	12,802,226
	(c) Balances with banks	-	-
	(i) In Current accounts	1,761,897	28,897,121
	Total	8,406,154	43,414,376
12	<u>Other Current Assets</u>		
	Advance for Purchase	2,428,017.37	7,006,079
	Other Advances	66,893,210	62,406,687
	Advance to employees	58,125	445,780
	Advance to vendor	-	142,100,000
	Prepaid expense	803,667	500,391
	Total	70,183,020	212,458,936

Note	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		Number of shares	In `	Number of shares	In `
13	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
	Total	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 31st March, 2019		-	-	
	- Number of shares	10,555,670	-	-	10,555,670
	- Amount (In `)	105,556,700			105,556,700
	Year ended 31st March, 2018				
	- 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 31st March, 2019		As at 31st March, 2018	
		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 31st March, 2019				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435
	As at 31st March, 2018				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435

Note	Particulars	As at 31st March 2019	As at 31st March 2018
		Amount in `	Amount in `
14	Other Equity		
	Capital Reserve	4,541,879	4,541,879
	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	(49,691,569)	(78,153,310)
	Add: Profit for the year	11,334,031	28,461,740
	Less: Carrying amounts of Fixed Assets debited to retained earnings where remaining useful life of the Asset is NIL as on 1st April 2014	(53,136,835)	-
	Net Surplus / (Deficit) in the Statement of Profit and Loss	(91,494,373)	(49,691,570)
	Total	29,360,482	71,163,285
15	Financcail Liabilities- borrowings (Non Current)		
	(a) Term loans		
	Vehicle Loan	396,572	568,445
	ECL Finance Limited	303,439,726	200,000,000
	Katra Holding Pvt Ltd	146,920,840	186,824,922
	Total	450,757,138	387,393,367
	Note: Car loans are secured by hypothecation of respective vehicle		
16	Financcail Liabilities-Provisions (Non Current)		
	Provision for Gratuity	37,123,826	34,044,691
	Total	37,123,826	34,044,691
17	Other Long-Term Liabilities		
	Deposits Received from Business associates	3,015,000	3,715,000
	Total	3,015,000	3,715,000
18	Financcail Liabilities -Borrowings(Current)		
	Secured loan repayable on demand		
	Kotak Mahindra Bank-Ernakulam (OD)	10,715,656	13,350,234
	Kotak Mahindra Bank-Bangalore (OD)	79,236,956	88,122,285
	Kotak Mahindra Bank Short Term Loan	20,161,370	20,161,370
	(Credit Facilities from Kotak Mahindra Bank are secured Against exclusive charge on entire current assets of the Company both present and future , Collateral in the form of equitable mortgage of land belonging to the Company in Kalloor Thekkummuri Village , Trichur District and mortgage of land belonging to Chairman situated at Bangalore and personal guarantee of Chairman)		
	Secured loan repayable on demand		
	ICD from Tata Global Beverages Limited	42,500,000	42,500,000
	(E M of 2 Acres and 4 Guntas of land bearing Survey no 49 of Sonnapanahalli Village, Doddaballapur Taluk, Bengaluru belonging to Arudrama)	-	-
	Katra Holding Pvt Ltd- Current	-	136,081,741
	Kotak Mahindra Bank STL	1,956,517	8,343,984
	(Secured by Lein on Fixed Deposit of Rs26,46,203/- held with Kotak Mahindra Bank and personal guarantee of the Directors)		
	Total	154,570,499	308,559,613
19	Trade Payables		
	Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006	-	-
	Sundry Creditors- Mfgs.	29,480,030	25,606,421
	Sundry Creditors- Others	8,245,462	6,465,684
	Total	37,725,492	32,072,105
20	Other current liabilities		
	(a) Other payables		
	Advances from Customers	4,434,139.30	3,251,688
	Statutory Liabilities	5,725,368	6,751,929
	Accrued Employee Liabilities	4,122,493	10,864,350
	Loans repayable within one year-HP Loan	194,097	366,801
	Rent Payable	7,312,237	6,983,377
	Other Current Liabilities	10,336,504	4,876,308
	Provision for gratuity	6,558,644	4,033,052
	Total	38,683,482	37,127,504
21	Provisions		
	(a) Provision - Others:		
	Bonus Payable	4,440,800	5,931,012
	Privilage Leave Encashment Payable	896,652	970,755
	Provision for MAT	3,604,069	6,933,777
	Total	8,941,521	13,835,544

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Notes	Particulars	For the period ended 31st Mar, 2019	For the period ended 31st Mar, 2018
		Amount in ₹	Amount in ₹
22	Revenue from Operations		
	(a) Sale of products	388,157,478	347,509,762
	(b) Sale of services	76,741,361	90,172,970
	Total	464,898,838.69	437,682,732
	(i) Sale of products comprises: Sale of Ayurvedic Medicine	388,157,478	347,509,762
	Total	388,157,478.02	347,509,762
	(ii) Sale of services comprises:		
	Treatment Income	67,484,370	71,467,776
	Training Income	8,203,936	8,003,991
	Registration Fees	-	-
	Other Operational Income	1,053,054	10,701,203
	Sale of Scrap	165,819	32,848
	Miscellaneous Receipts	586,404	479,007
	Income From Cultivation	300,832	295,995
	Total	76,741,360.67	90,172,969.90
23	Other Income		
	Interest Income	2,553,524	2,638,502
	Total	2,553,524	2,638,502
24	Cost of materials consumed		
	<u>Raw Material</u>		
	Opening stock	11,164,228	7,765,617
	Add: Purchases	98,879,305	79,251,973
	Less: Closing stock	12,994,620	11,164,228
	(A)	97,048,914	75,853,362
	<u>Packing Material</u>		
	Opening Stock	3,796,657	3,288,537
	Add: Purchase	25,781,991	19,928,497
	Less: Closing Stock	5,276,124	3,796,657
	(B)	24,302,524	19,420,376
	Cost of material consumed(A+B)	121,351,437	95,273,738
25	Purchase of Stock In Trade		
	Purchase of Medicines	3,106,051	3,121,161
	Total	3,106,051	3,121,161
26	Changes in inventories of stock of F G, WIP & Stock in trade		
	<u>Inventories at the end of the year:</u>		
	Stock of FG,WIP & Stock in Trade	56,560,103	52,024,233
		56,560,103	52,024,233
	<u>Inventories at the beginning of the year:</u>		
	Stock of FG,WIP & Stock in Trade	52,024,233	49,212,887
		52,024,233	49,212,887
	Net (increase) / decrease	(4,535,869)	(2,811,346)
27	Employee benefits expense		
	Salaries and wages	122,976,487	110,181,475
	Contribution to Provident Fund	8,983,210	8,545,228
	Staff welfare expenses	11,439,381	9,545,134
	Total	143,399,078	128,271,837

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Notes	Particulars	For the period ended 31st Mar, 2019	For the period ended 31st Mar, 2018
		Amount in ₹	Amount in ₹
28	<u>Finance costs</u>		
	(a) Interest expense on:		
	(i) Borrowings	17,995,686	13,628,308
	Interest WC		
	(ii) Others	2,815,447	1,966,030
	- Other Interest		
	Total	20,811,133	15,594,338
29	<u>Depreciation expense</u>		
	Depreciation	5,615,093	5,056,961
	Total	5,615,093	5,056,961
30	<u>Other expenses</u>		
	Rent	17,053,189	15,797,877
	Bank Charges	1,449,849	4,624,787
	Rates and Taxes	378,512	399,198
	Legal & Professional charges	1,401,228	1,408,086
	Directors Sitting Fee	535,000	560,000
	Research and Development Expenses	381,507	309,753
	Travelling -Others	2,274,088	1,982,698
	Loss on sale of fixed Asset	-	11,341
	Founders day(Navayaidika) Expenses	(3,000)	745,448
	Repairs & Maintenance- Others	2,184,148	1,590,716
	Vehicle Maintenance	309,018	348,103
	Insurance	606,623	503,769
	Printing & Stationery	1,386,534	887,613
	Postage & Telephone	1,984,003	1,897,838
	Secretarial Expenses	1,694,738	1,608,732
	Repairs & Maintenance Branch assets	567,690	781,126
	Conveyance Expenses	4,023,982	2,434,545
	Canteen Expenses	1,760,835	2,308,583
	Electricity charges (Branches/Depot)	2,063,221	2,241,925
	Other Administrative Expenses	6,497,534	6,737,572
	Internal Audit fee	60,000	40,000
	Audit fee	210,000	125,000
	Travelling-Sales Staff	16,341,870	11,955,004
	Advertisements	423,556	353,763
	Commission & Discount	6,190,133	7,407,749
	Training Expenses	457,576	327,044
	Freight Outward	8,395,056	7,560,285
	Sales promotion exp	9,371,107	11,520,198
	Other Selling & Distribution Expenses	5,564,422	2,370,232
	Fuel Consumed	6,557,365	2,513,743
	Electricity charges	1,659,416	1,417,259
	Repairs to Plant & Machinery	1,396,067	931,145
	Repairs to Building	786,869	132,752
	Job Works	25,961,789	27,566,740
	Other Manufacturing Expenses	3,397,605	2,011,665
	Cultivation Expenses	227,091	141,807
	Treatment Expenses	7,907,545	7,438,702
	Indirect Tax	31,533,501	30,814,058
	Total	172,989,687	161,806,858
	(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
	As auditors - Statutory audit & Tax Audit	210,000	125,000
	For management services		
	Reimbursement of expenses	28,530	35,975
	Total	238,530	160,975

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Amount in `

Notes	Particulars	31st March, 2019	31st March, 2018
31	Earnings In Foreign Currency		
	Export of Medicine	4,656,837	5,746,691
	Total	4,656,837	5,746,691
	Expenditure in Foreign Currency :		
	Import of Machinery	-	-
	Total	-	-
32	Managerial Remuneration		
	To the Whole Time Director		
	Salary	1,500,000	1,500,000
	Other Allowances	1,428,000	1,428,000
	Reimbursements	96,000	41,460
	Total	3,024,000	2,969,460
33	Related Party Disclosure under Ind Accounting Standard 24:		
	A. Names of related parties and nature of related party relationships		
	Description of relationship	Names of related parties	
	Holding Company	Katra Holdings Ltd, Mauritius	
	Subsidiary Companies	Ayurvedagram Heritage Wellness Centre Pvt Ltd	
		Suveda Inc	
		Ayu Natural Medicine Clinic PS, USA	
		Ayurvedic Academy Inc., USA	
		Nutraveda Pte Ltd	
		CMS Katra Holdings LLC, USA	
		CMS Katra Nursing LLC, USA	
	Companies where Promoter Director is having control/significant influence	All Seasons Herbs Pvt. Ltd.	
		KAL Ayurveda Research Foundation	
		Katra Holding Pvt. Ltd.	
		S R Pharmaceuticals	
		Katra Phytochem India Pvt. Ltd.	
		Confederation for Ayurvedic Renaissance Keralam Ltd.	
		Mason & Summers Leisure Pvt. Ltd.	
	Director/Key Managerial Person	Dr K Anil Kumar, Whole time Director	
		Mr Arvind Agarwal , CFO	
		Ms Itti Bhargava, Company Secretary	
		Mr K. Raghunadhan, Company Secretary	
	Note: Related parties have been identified by the Management.		
	Loans given to Subsidiary companies under the old companies act and are in the process of repayment		
	B. Transaction with Related Parties		
	Particulars	31st March, 2019	31st March, 2018
	Purchase of Raw Materials		
	All Season Herbs Pvt Ltd	4,013,320	2,525,015
	Katra Phytochem India Pvt Ltd	1,128,291	285,509
	Confederation for Ayurvedic Renaissance Keralam Ltd	272,650	258,897
	Sale of Medicines & Treatments		
	Ayurvedagram Heritage Wellness Centre P Ltd	7,118,271	4,923,186
	Suveda Inc	1,679,788	-
	Confederation for Ayurvedic Renaissance Keralam Ltd	-	131,063
	Services Received		
	Ayurvedagram Heritage Wellness Centre P Ltd	1,224,373	900,624
	S R Pharmaceuticals	6,672,884	5,713,228
	Mason & Summers Leisure P Ltd	1,218,415	727,697

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

	Services Rendered					
	Ayurvedagram Heritage Wellness Centre P Ltd		1,900,000		6,250,000	
	Ayurvedic Academy Inc		1,256,747		553,974	
	Remuneration Paid					
	Dr K Anilkumar, Director		3,024,000		2,969,460	
	Mr Arvind Agarwal, CFO		2,892,000		2,893,584	
	Mr K. Raghunadhan, Company Secretary up to 10/02 /2015		488,590		571,308	
	Reimbursement of Expenses					
	KAL Subsidiaries		10,578,457		5,884,358	
	Katra Phytochem India Pvt Ltd		61,777		206,345	
	Lending/Advances					
	Ayurvedagram Heritage Wellness Centre P Ltd		-		17,490,000	
	Interest on Advances					
	Ayurvedagram Heritage Wellness Centre P Ltd		1,288,434		1,018,000	
	Borrowings(including loans)					
	Katra Holding Pvt Ltd				-	
	Repayment of Loans					
	To Katra Holding Pvt Ltd		136,081,741		42,497,500	
	By KAL Subsidiaries in USA		-		30,094,335	
	Balances outstanding at the end of the year					
	Lending- to KAL Subsidiaries (Overseas)		177,497,878		177,497,878	
	Borrowings- from Katra Holding Pvt Ltd		146,920,840		322,906,663	
	Advances to Ayurvedagram Heritage Wellness Centre P Ltd		19,565,789		18,406,200	
34	Contingent Liabilities					
	Particulars					
	I. The company has given a bank guarantee of Rs.500,000/- to The Registrar, Banaras Hindu University towards security deposit for setting up Kerala Ayurveda Panchakarma Center at S S Hospital under BHU.					
35	Deferred tax assets/ (liabilities)					
	Particulars	As at 31st March, 2018	Movement	As at 31st March, 2019		
	Book/Tax depreciation difference	(6,322,794)	269,515	(6,053,279)		
	Provision for Gratuity	2,206,557	1,559,235	3,765,792		
	Unabsorbed Depreciation Carried forward	(2,467,673)	(940,045)	(3,407,718)		
	Total deferred tax Asset	(6,583,911)	888,705	(5,695,206)		
36	Earnings Per Share :					
	Particulars	31st March, 2019	31st March, 2018			
	Net Profit /(Loss) after Tax	11,334,031	28,461,740			
	Weighted Average Number of Shares outstanding during the year	10,555,670	10,555,670			
	Earnings Per Share (Rs.)	1.07	2.70			
	Nominal Value of Shares (Rs.)	10.00	10.00			
37	The Company has not received any confirmations from any supplier registered under "the Micro, Small and Medium Enterprise Development Act, 2006. Accordingly no disclosure has been made under the said act.					
38	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.					
39	Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year classification/Disclosure.					
40	Disclosure under Section 186 of the Companies Act, 2013 Particulars of Loans and Deposits as at the year end					
	Name of the entity	Relation	2018-19	2017-18	Particulars of loans, guarantees and investments	Purpose for which the loan, guarantee and investment are proposed to be utilized
	Suveda Inc. USA (formerly known as Nutraveda Inc. USA)	100% Subsidiary	785.14	733.77	Working Capital Loan	To meet the working capital requirement
	Ayurvedic Academy Inc., USA	100% Subsidiary	561.62	524.88	Working Capital Loan	To meet the working capital requirement
	CMS -Katra Holdings LLC, USA	81.67% Subsidiary	552.18	516.06	Working Capital Loan	To meet the working capital requirement
	Nutraveda Pte Ltd, Singapore	100% Subsidiary	0.29	0.27	Working Capital Loan	To meet the working capital requirement

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-

RAMESH VANGAL
Chairman

Sd/-

SURBHI SHARMA
Company Secretary

Sd/-

Dr K ANILKUMAR
Executive Director

Sd/-

ARVIND AGARWAL
Chief Financial Officer

Independent Auditor's Report

To the Members of Kerala Ayurveda Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Kerala Ayurveda Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March, 2019, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Refer to note 2.f 'Inventories' to the Consolidated financial statements. The total value of inventory as of March 31, 2019 amounted to ₹ 1158 lakhs representing 12.50% of the total assets (2018: ₹ 1045 Lakhs, 10% of the total assets). Inventories are measured at the lower of cost and net realisable value on FIFO Basis. The valuation of inventory is dependent on establishing appropriate valuation controls. We focused on this area as Management judgement is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgements are key elements in the valuation of inventories.	<p>We have performed the following principal audit procedures in relation to Inventory valuation:</p> <ul style="list-style-type: none"> We tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory. We evaluated the significant judgements and estimates made by Management in applying Company's accounting policy in relation to indirect production costs. We assessed the Company's disclosures in the financial statements in respect of inventory.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Report on Corporate Governance and the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /Management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group covered under the Act have adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

14. We did not audit the financial statements of 7 subsidiaries, whose financial statements reflects total assets of ₹ 4,563.76 Lakhs as at 31 March, 2019, total revenues of ₹ 1,704.96 Lakhs and total Loss after tax of ₹ 113.63 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements and matters identified and disclosed under key audit matters section above, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditor.

15. As required by Section 197(16) of the Act, we report that the Holding Company covered under the Act paid remuneration to their respective Directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act. Further, we report that a subsidiary company covered under the Act has not paid or provided for any managerial remuneration during the year.

16. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
- c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the Directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of statutory auditor of a subsidiary company, none of the Directors of the Group companies covered under the Act, are disqualified as on 31 March, 2019 from being appointed as a Director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of the subsidiaries:

- i) the Company does not have any pending litigations which would impact its financial position
- ii) the Company does not have any long-term contracts requiring a provision for material foreseeable losses.
- iii) The Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

For **Biju George & Co**
Chartered Accountants
Firm's Registration No007920S

Biju George
Proprietor
Membership No 206233

Place: Bengaluru
Date: May 29, 2019

Annexure A

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Kerala Ayurveda Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March, 2019, we have audited the Internal Financial Controls over Financial Reporting of the Holding Company and its Subsidiary Company, which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its Subsidiary Company, which are Companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the respective Company's policies, the safeguarding of the Company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

Auditors' Responsibility

Our responsibility is to express an opinion on the Internal Financial Controls over Financial Reporting of the Holding Company and its Subsidiary Company which are incorporated in India based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI") and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls over Financial Reporting, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls system over Financial Reporting of the Holding Company and its Subsidiary Company which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A Company's Internal Financial Controls over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles. A Company's Internal Financial Controls over Financial Reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on the consideration of the report of the other auditor on Internal Financial Controls over Financial Reporting of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

We did not audit the Internal Financial Controls over Financial Reporting in so far as it relates to one subsidiary company, which are companies covered under the Act, whose financial statements reflect total assets of ₹1255.17 lakhs as at 31 March 2019, total revenues of ₹775.40 Lakhs and net profit after tax ₹30.27 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The Internal Financial Controls over Financial Reporting in so far as it relates to such subsidiary company, has been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the Internal Financial Controls over Financial Reporting for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For Biju George & Co
Chartered Accountants
Firm's Registration No007920S

Biju George
Proprietor
Membership No 206233

Place: Bengaluru
Date: May 29, 2019

Kerala Ayurveda Limited

Consolidated Balance Sheet as at 31st March, 2019

Particulars		Note No.	As at 31st March, 2019 Amount in `	As at 31st March, 2018 Amount in `
A	ASSETS			
	Non-Current assets			
	property, plant & equipment	4	222,467,451	218,165,511
	Capital work in progress		120,535,519	109,624,729
	Other Intangible Assets		3,143,627	3,767,432
	Good will on Consolidation		102,577,168	102,577,168
	Financial Assets		-	
	(i) Investments	5	1,290,350	1,290,350
	(ii) Loans	6	160,253,919	141,172,607
	(iii) Other Financial assets	7	15,434,577	15,401,673
	Income Tax assets(net)	8	14,327,702	16,978,526
			-	
	Total Non current Assets		640,030,313	608,977,996
	Current Assets			
	Inventories	9	115,808,098	104,492,455
	Financial assets		-	
	(i) Trade Receivables	10	68,955,682	54,395,596
	(ii) Cash and Cash equivalents	11	45,541,125	67,191,894
	Other current assets	12	52,594,793	194,220,825
	Total Current Assets		282,899,699	420,300,770
	TOTAL ASSETS		922,930,012	1,029,278,766
B	EQUITY AND LIABILITIES			
	Equity			
	Equity Share Capital	13	105,556,700	105,556,700
	Other Equity	14	(68,290,537)	(26,522,023)
	Equity attributable to the owners of the Company		37,266,163	79,034,677
	Non Controlling Interest		16,440,927	15,653,908
	Total Equity		53,707,089	94,688,585
	Liabilities			
	Non-Current Liabilities			
	Financial Liabilities			
	(i) Borrowings	15	494,466,067	428,492,525
	Provisions	16	39,975,360	36,243,083
	Other non current Liabilities	17	3,015,000	3,715,000
	Deferred Tax Liability (Net)		10,155,717	12,066,565
	Total Non Current Liabilities		547,612,144	480,517,173
	Current liabilities			
	(i) Borrowings	18	165,713,119	322,922,837
	(ii) Trade payables	19	43,697,817	38,697,911
	Other current liabilities	20	101,872,531	75,252,885
	Provisions	21	10,327,311	17,199,376
	Total Current Liabilities		321,610,778	454,073,009
	Total Liabilities		869,222,922	934,590,182
	Total Equity and Liabilities		922,930,012	1,029,278,766

The accompanying notes form an integral part of these financial instruments in terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-

BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-

RAMESH VANGAL
Chairman

Sd/-

SURBHI SHARMA
Company Secretary

Sd/-

Dr K ANILKUMAR
Executive Director

Sd/-

ARVIND AGARWAL
Chief Financial Officer

Kerala Ayurveda Limited

Consolidated Profit and Loss for the year ended 31st March, 2019

	Particulars	Note No.	For the period ended 31st March, 2019	For the period ended 31st March, 2018
			Amount in `	Amount in `
1	Income			
	Revenue from operations	22	621,859,594	588,719,868
	Other income	23	1,679,531	2,638,503
	Total revenue		623,539,125	591,358,371
2	Expenses			
	(a) Cost of Materials consumed	24	126,541,863	95,801,314
	(b) Purchases of Medicines (Stock In Trade)	25	14,102,107	19,846,181
	(c) Changes in Inventories of FG, WIP & Stock In Trade	26	(4,741,942)	(2,849,703)
	(d) Employee benefits expense	27	209,158,846	177,766,649
	(e) Finance costs	28	24,282,297	18,660,986
	(f) Depreciation & Ammortisation	29	9,817,490	18,318,674
	(g) Other expenses	30	229,613,545	212,721,711
	(h) Gain or loss on conversion to INR		(3,423,743)	9,427,565
	Total Expenses		605,350,463	549,693,377
3	Profit / (Loss) Before Extraordinary items and Tax(1 -2)		18,188,662	41,664,994
4	Add: Extraordinary Items		12,790,942	-
5	Profit Before Tax (3 - 4)		30,979,604	41,664,994
6	Tax expense:			
	(a) Current tax		4,852,962	11,602,917
	(b) Deferred tax		(1,910,849)	8,201,292
	(c) (Less): MAT credit (where applicable)		2,804,407	(6,933,777)
			5,746,520	12,870,432
7	Profit for the period		25,233,084	28,794,561
8	Less Minority Interest		787,019	711,892
9	Profit for the year after minority Interest		24,446,065	28,082,669
10	Other comprehensive income			
	Items that will not be reclassified to Profit or Loss		(13,077,745)	(18,734,882)
11	Total Income for the year, net of Taxes		11,368,320	9,347,787
12	Earnings Per Equity Share			
	Basic & diluted [Nominal value of shares ` 10/- each]		1.08	0.89
	The accompanying notes form an integral part of these financial instruments.			

In terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-
BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-
RAMESH VANGAL
Chairman

Sd/-
Dr K ANILKUMAR
Executive Director

Sd/-
SURBHI SHARMA
Company Secretary

Sd/-
ARVIND AGARWAL
Chief Financial Officer

Kerala Ayurveda Limited

Consolidated Cash Flow Statement for the year ended 31st March, 2019

Particulars	For the year Ended 31st March, 2019	For the year Ended 31st March, 2018
	Amount in `	Amount in `
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Interest	55,261,901	60,325,980
Adjustment to reconcile Profit Before Tax to Net Cash Flows		
Interest Received	(1,265,090)	(2,638,503)
Finance Cost(Fair value change in Financial Instruments)	(78,639,432)	0
Finance Income (Fair value change in Financial Instruments)	12,424,852	(18,734,882)
Depreciation and Amortisation	9,817,490	18,318,674
Insurance Claim Received	(12,790,942)	
(Profit)/Loss on sale of fixed assets	(382,730)	(59,536)
Operating profit before working capital changes	(15,573,951)	57,211,733
Adjustments for:		
Trade receivables	(14,560,086)	(6,346,529)
Inventories	(11,315,643)	(7,660,885)
Other Current Assets	141,626,032	(152,382,564)
Other Financial Assets	(32,904)	(907,918)
Income tax Assets	2,650,824	(5,053,590)
Trade Payables	4,999,906	4,685,419
Current Financial liabilities- Provisions	(6,872,065)	2,315,297
Other Current Liabilities	26,619,646	5,719,073
Non- Current Financial liabilities- Provisions	3,732,277	5,925,234
Other non current liabilities	(700,000)	(200,000)
Cash generated from operations	146,147,986	(153,906,463)
Direct taxes paid	(7,657,369)	(4,669,140)
Net cash from operating activities A	122,916,666	(101,363,870)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets(including Capital Work in progress)	(24,625,327)	(54,871,513)
Sale of fixed assets	601,646	60,848
Insurance Claim Received	12,790,942	-
Loans to Subsidiaries	(19,081,312)	21,476,853
Interest Received	1,265,090	2,638,503
Net cash used in Investing activities B	(29,048,961)	(30,695,309)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of long term loan	65,973,542	227,824,320
Repayment of long term loan		(1,015,187)
Net Increase/(Decrease) in Working Capital Borrowings	(157,209,717)	(39,712,978)
Finance Cost	(24,282,297)	(18,660,986)
Net cash from financing activities C	(115,518,473)	168,435,170
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(21,650,769)	36,375,990
Cash & Cash Equivalents at Beginning of year	67,191,894	30,815,904
Cash & Cash Equivalents at End of year	45,541,125	67,191,894
Net Increase/(Decrease) in Cash & Cash Equivalents	(21,650,769)	36,375,990

The accompanying notes form an integral part of these financial instruments.
In terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-
BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-
RAMESH VANGAL
Chairman

Sd/-
Dr K ANILKUMAR
Executive Director

Sd/-
SURBHI SHARMA
Company Secretary

Sd/-
ARVIND AGARWAL
Chief Financial Officer

Kerala Ayurveda Limited

Statement of Changes in Equity

A Equity Share Capital		
Particulars	Note	Amount in Rs.
Balance as at 31st March 2018	13	105,556,700
Changes in Equity share capital during the year, 2018-19		-
Balance as at 31st March 2019		105,556,700

B Other equity

Particulars	Reserves and Surplus				
	Capital reserve	Share premium	General reserve	Retained Earnings	Total
Balances as at 1st April 2017	4,541,879	114,514,976	1,798,000	(156,724,665)	(35,869,810)
Profit for the period				28,082,669	28,082,669
Other comprehensive income				(18,734,882)	(18,734,882)
Balance as at 31st March, 2018	4,541,879	114,514,976	1,798,000	(147,376,878)	(26,522,023)
Balances as at 1st April 2018	4,541,879	114,514,976	1,798,000	(147,376,878)	(26,522,023)
Profit for the period				24,446,065	24,446,065
Other comprehensive income				(13,077,745)	(13,077,745)
Adjustment on account of repayment of Interest Free loan to Promotor company				(53,136,835)	(53,136,835)
Balance as at 31st March, 2019	4,541,879	114,514,976	1,798,000	(189,145,393)	(68,290,537)

The accompanying notes form an integral part of these financial instruments
In terms of our report attached.

For BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-
BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-
RAMESH VANGAL
Chairman

Sd/-
Dr K ANILKUMAR
Executive Director

Sd/-
SURBHI SHARMA
Company Secretary

Sd/-
ARVIND AGARWAL
Chief Financial Officer

Notes to financial statements

1. General Information / Corporate Information

Kerala Ayurveda Limited (the 'Company') is a Public Limited Company incorporated in India and having its registered office at VII/415, Nedumbassery, Athani P.O, Kerala-683585. The company is primarily focused in the area of manufacture of Ayurveda products, Ayurveda Research, Academies, Clinics, Hospitals, Resorts and Services, cultivation of Ayurveda herbs and maintaining herbarium of medicinal plants.

2. Significant Accounting Policies:

a. Basis of preparation and presentation of financial statements

i. Accounting Convention

The Consolidated Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provision of the Act.

ii. Historical cost convention

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated.

iii. Use of Estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires the use of accounting 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.

iv. Fair Valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

b. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when:

- o It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- o It is held primarily for the purpose of trading;
- o It is expected to be realised within twelve months after the reporting period; or
- o It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- o The Company classifies all other assets as noncurrent.

A liability is current when:

- o It is expected to be settled in normal operating cycle;
- o It is held primarily for the purpose of trading;
- o It is due to be settled within twelve months after the reporting period; or
- o There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

- o The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

c. **Property, plant & Equipment**

i. *Property, plant and equipment*

All the items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of a PPE comprises its purchase price including import duty, and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition of its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Expenditure incurred on start-up and commissioning of the project and/or substantial expansion, including the expenditure incurred on trial runs (net of trial run receipts, if any) up to the date of commencement of commercial production are capitalised. Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged off in the relevant reporting period in which they are incurred.

Cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

ii. *Intangible assets*

Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Statement of Profit and Loss as incurred.

- o Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

- o Intangible assets that are acquired (including implementation of software system) are measured initially at cost.

- o After initial recognition, an intangible asset is carried at its cost less accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

iii. *Biological Assets*

Biological assets are classified as bearer biological assets and consumable biological assets.

Consumable biological assets are those that are to be harvested as agricultural produce. Bearer biological assets which are held to bear produce capable of being used in manufacture are classified as bearer plants.

The Company recognises plants, bushes which are grown and ultimately consumed in the production process as consumable biological assets.

Considering the type of industry and the unpredictability of future economic benefit, expenditure incurred on bearer biological assets is not capitalised.

iv. *Depreciation and amortization methods, estimated useful lives and residual value*

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs.

Software is amortised over a period of five years being their useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

v. *Derecognition*

Property, plant and equipment and intangible assets are derecognised on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

d. **Impairment of non-financial assets**

The Company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. Impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e. **Financial instrument**

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments in subsidiaries and joint ventures, loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade payables and financial guarantee contracts.

i. *Financial assets*

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. After initial recognition all financial assets (other than investments in subsidiaries and joint ventures, other equity investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial asset as Fair Value through Profit or Loss (FVTPL). A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets, (i.e. the shortfall between all contractual cash flows that are due and all the cash flows (discounted) that the entity expects to receive).

Investments in subsidiaries and joint ventures:

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27.

ii. **Financial liabilities**

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. After initial recognition, all financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company has not designated any financial liability as FVTPL.

f. **Inventories**

Inventories are valued at lower of cost or net realisable value except scrap, which is valued at net estimated realisable value. Stores and Spares are valued at Cost. The methods of determining cost of various categories of inventories are as follows:

Raw Materials	Cost
Stores and Spares	
Work in Progress	
Finished goods (Manufactured)	
Finished goods (Traded)	
Nursing Inventory	

Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition inclusive of excise duty wherever applicable. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost, except incases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

g. Trade Receivables

The trade receivables have been recorded at their respective carrying amounts and are not considered to be materially different from their fair values as these are expected to realise within a short period from the date of balance sheet. Management believes that the amounts that are past the credit period are still collectible in full based on historical payment behaviors and analysis of customer credit risk.

h. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

i. Cash and cash equivalents

Cash and cash equivalent comprise cash at banks and on hand (including imprest) and short-term deposits with maturity of three months or less, which are subject to an insignificant risk of changes in value. Balances held as margin money which are under lien against bank guarantee are classified as bank balances other than cash and cash equivalents.

j. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

i. Current Income Tax

Current Income tax is measured based on the estimated taxable profit for the year and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

ii. Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future to allow the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted.

iii. Minimum Alternate Tax

In accordance with the prevalent tax laws, Minimum Alternative Tax ('MAT') paid over and above the normal income tax in any year is eligible for carry forward and set-off against normal income tax liability.

k. Revenue recognition

Revenue from sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product.

Revenue from service is recognised over a period of time as and when the services are rendered in accordance with the specific terms of contract with the customer.

Other Operating Revenue

Other Operating Revenue comprise of Income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

Revenue includes sale of cultivated plants. The entity has biological assets and agricultural produce is harvested from biological asset which are bearer biological assets and consumable biological assets.

l. Rent Deposit

As rent deposits do not meet the criteria of amortized cost, are measured at Fair value and classified as fair value through other comprehensive income.

m. Properties taken on lease

Properties taken on lease by the Company are in the nature of operating leases as the lease terms do not transfer

substantially all risks and rewards incidental to ownership of such properties to the Company. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit or the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Interest free lease deposits are remeasured at amortised cost by the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expense uniformly over the lease period.

n. Capital Work in Progress

Project expenditure incurred as part of Development is capitalised under Capital Work in Progress as the costs can be reliably measured, future economic benefits are probable, the product is technically feasible and the Company has the intent and the resources to complete the project. Development assets are amortised based on the estimated useful life, as appropriate.

O. Other income

Other income consists of interest income on funds invested. Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest rate method on time proportion basis.

p. Employee benefits

i. Short-term benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave and other short term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

ii. Other Long Term benefits:

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Gratuity

The Company has an obligation towards gratuity as per actuarial valuation.

Provident fund

Payments to defined contribution plans are recognised as expense when employees have rendered service entitling them to the contributions.

The basis for determination of liability is as under:

	Gratuity	
	Current year	Previous year
Change in present value of obligation		
1. Present value of the obligation at the beginning of the year	4,02,76,135	3,32,74,383
2. Current service cost	35,40,160	25,39,092
3. Interest on defined benefit obligation	28,12,775	21,51,205
4. Actuarial (gain)/loss	8,04,859	47,07,653
5. Benefits paid	(7,73,197)	(23,96,198)
6. Present value of obligation at the end of the year	4,66,60,732	4,02,76,135
Liability recognized in the Financial statements		
Long term	3,99,75,360	3,62,43,083
Short term	66,85,372	40,33,052
Costs for the year		
Change in the present value of obligation		
1. Current service cost	34,13,432	20,50,031
2. Interest Cost	28,12,775	21,51,205
3. Actuarial (gain)/loss	-	-
4. Total Expenses	62,26,207	42,01,236
Main Actuarial Assumptions		
Discount rate (p.a)	7.45%	7.80%
Salary escalation rate (p.a)	8.00%	8.00%
Method	Projected Unit Credit Method	Projected Unit Credit Method

q. Finance Costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are charged to revenue.

r. Foreign Currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and recognised in profit or loss in the period in which they arise.

s. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity.

3. Fair value measurement

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Financial instruments – Fair values and risk management**A. Accounting classification and fair values**

2019	Carrying Amount	Fair Value					
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
Non-current financial assets							
Investments							
Non-trade (unquoted)	12,62,500			12,62,500		12,62,500	
Non trade(quoted)	27,850			27,850		27,850	
Loans	16,02,53,919			16,02,53,919		16,02,53,919	
Other Financial assets	1,54,34,577			1,54,34,577	1,54,34,577		
Current Financial asset							
Trade receivable	6,89,55,682			6,89,55,682	6,89,55,682		
Cash and cash equivalent	4,55,41,125			4,55,41,125	4,55,41,125		
	29,14,75,653			29,14,75,653			
Non-Current Financial liabilities							
Borrowings	34,75,45,227		14,69,20,840	49,44,66,067	30,38,36,298	14,69,20,840	
Current Financial liabilities							
Borrowings	16,57,13,119			16,57,13,119	12,32,13,119	4,25,00,000	
Trade Payables	4,36,97,817			4,36,97,817	4,36,97,817		
	55.69.56.163		14.69.20.840	70.38.77.003			

2018	Carrying Amount		Fair Value				
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
Non-current financial assets							
Investments							
Non trade (unquoted)	12,62,500			12,62,500		12,62,500	
Non trade(quoted)	27,850			27,850		27,850	
Loans	14,11,72,607			14,11,72,607		14,11,72,607	
Other Financial assets	1,54,01,673			1,54,01,673	1,23,50,288		
Current Financial asset							
Trade receivable	5,43,95,596			5,43,95,596	5,43,95,596		
Cash and cash equivalent	6,71,91,894			6,71,91,894	6,71,91,894		
	27,94,52,120			27,94,52,120			
Non-Current Financial liabilities							
Borrowings	24,16,67,603		18,68,24,922	42,84,92,525	24,16,67,603	18,68,24,922	
Current Financial liabilities							
Borrowings	32,29,22,837			32,29,22,837	14,43,41,096	17,85,81,741	
Trade Payables	3,86,97,911			3,86,97,911	3,86,97,911		
	60,32,88,351		18,68,24,922	79,01,13,273			

Discounting value is based on risk free return applicable in India with new adjustments towards the investments made by the company in its subsidiaries.

B. Measurement of fair values

The fair value of liquid mutual funds and long-term equity investment is based on quoted price. Fair values of certain non-current investment are valued based on discounted cash flow / book value / EBITDA multiple approach.

C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk management framework

The Risk Management Committee of the Board is entrusted with the responsibility to assist the Board in overseeing and approving the Company's risk management framework. The Company has a comprehensive risk management policy relating to the risks that the Company faces under various categories like strategic, operational, reputational and other risks and these have been identified and suitable mitigation measures have also been formulated. The Risk Management Committee reviews the key risks and the mitigation measures periodically. The Audit Committee has additional oversight in the area of financial risks and control.

ii. Credit risk

Credit risk is the risk that counter-party will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and financing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the company is certain about the non-recovery.

iii. Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations. The Company monitors rolling forecast of its liquidity position on the basis of expected cash flows. The Company's approach is to ensure that it has sufficient liquidity or borrowing headroom to meet its obligations at all point in time. The Company has sufficient short-term fund based lines, which provides healthy liquidity and these carry highest credit quality rating from reputed credit rating agency.

Kerala Ayurveda Limited

Note 4: Property, plant and equipment

Amount in `

Particulars	Land	Building	Building Temporary	Plant & Machinery	Electrical Fittings	Furniture & Fixtures	Office Equipments	Computer & Accessories	Vehicles	Misc. Fixed Assets	Total	Web Dev. Expenditure	Preparative Expenses	Buildout	Content Dev. Expenses	Total	Capital work in progress
At Cost																	
Balance as at 1st April 2018	122,276,411	121,989,683	29,883,242	39,486,926	5,115,173	38,150,809	21,988,575	13,283,465	7,195,247	2,494,435	401,863,964	1,027,979	495,529	-	5,984,395	7,507,903	109,624,729
Other acquisition	-	1,583,508	-	2,960,041	1,378,467	1,128,215	1,011,238	2,140,768	3,064,565	-	13,266,802	-	-	260,114	-	260,114	13,451,826
Disposal	-	-	-	330,725	15,417	-	-	-	2,11,754	-	2,45,789	-	-	-	1,982,342	1,982,342	2,541,039
Effect of Foreign currency exchange difference	-	-	-	-	-	74,158	53,222	4,096	-	-	131,476	-	18,765	-	380,005	398,770	-
Gross Block as at 31st March 2019	122,276,411	123,573,191	29,883,242	42,116,242	6,478,223	39,353,182	23,053,035	15,428,329	8,148,058	2,494,435	412,804,346	1,027,979	514,294	260,114	4,382,058	6,184,445	120,535,519
Depreciation & Impairment																	
Balance as at 1st April 2018	-	57,423,035	28,389,081	29,068,277	4,128,640	31,439,443	17,359,867	10,982,875	4,729,157	144,226	183,664,600	365,318	-	-	3,375,153	3,740,471	-
Depreciation charge for the year	-	2,759,080	-	1,810,916	184,989	1,134,787	1,467,032	789,773	602,544	-	8,749,121	187,488	-	4,335	876,547	1,068,370	-
Disposal	-	-	-	326,697	14,646	-	-	-	1,897,638	-	2,238,981	-	-	-	1,982,342	1,982,342	-
Effect of Foreign currency exchange difference	-	-	-	-	-	74,158	64,772	23,225	-	-	162,155	-	-	-	214,319	214,319	-
Balance as at 31st March 2019	-	60,182,115	28,389,081	30,552,496	4,298,983	32,648,388	18,891,671	11,795,873	3,434,063	144,226	190,336,895	552,806	-	4,335	2,483,677	3,040,818	-
Carrying Value																	
As at 31st March 2018	122,276,411	64,532,795	1,494,161	10,418,649	986,533	6,711,366	4,628,708	2,300,590	2,466,090	2,350,209	218,165,511	662,661	495,529	-	2,609,243	3,767,432	109,624,729
As at 31st March 2019	122,276,411	63,391,076	1,494,161	11,563,746	2,179,240	6,704,794	4,161,364	3,632,456	4,713,995	2,350,209	222,467,451	475,173	514,294	255,779	1,898,382	3,143,627	120,535,519

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Note No	Particulars	As at 31st March, 2019	As at 31st March, 2018
		Amount in ₹	Amount in ₹
5	Non Current Investments		
	Non Trade		
	(Quoted, At cost)		-
	500 equity shares of Rs 10 each fully paid up in Canara Bank Ltd(Quoted) Market Value Rs 291.95 last Year Rs 264.25 per share	27,850	27,850
	(Unquoted, At cost)		
	114 Equity Shares of ₹.10000/- each in (100 Equity Shares of ₹.10000/- each in) Confederation for Ayurvedic Renaissance Kerala Pvt Ltd	1,262,500	1,262,500
	C M S Katra Nursing LLC	-	-
	Total.	1,290,350	1,290,350
	Market Value of Quoted Investments	145,975	132,125
	Aggregate amount of Unquoted Investments	1,262,500	1,262,500
6	Financial assets-Loans		
	Loans to Katra Finance Ltd, Mauritius	160,253,919	141,172,607
	Total.	160,253,919	141,172,607
7	Financial assets-Other financial assets		
	Deposits with Govt. Authorities	1,541,243	1,304,927
	Deposits with others	10,227,884	10,629,927
	Bank Deposits with Original maturity more than 12 Months	3,665,450	3,466,819
	Total.	15,434,577	15,401,673
8	Income Tax assets(net)		
	Income Tax advance	3,465,166	3,311,583
	MAT credit entitlement a/c	10,862,536	13,666,943
	Total.	14,327,702	16,978,526
9	Inventories		
	Finished Goods	42,907,433	35,909,565
	Goods in transit	715,720	416,766
	Furnace Oil	177,111	230,076
	Packing Material	5,276,124	3,796,657
	Raw Material	14,515,556	12,636,596
	Stores & Spares	166,801	93,841
	Work in Progress	19,727,552	19,087,051
	WIP Nurse Training Deferred	32,321,902	32,321,902
	Total.	115,808,098	104,492,455
10	Financial assets- Trade receivables		
	secured, considered		
	Unsecured, considered good	68,955,682	54,395,596
	Doubtful	-	-
	Less, Allowance for Doubtful debts	-	-
	Total.	68,955,682	54,395,596
11	Cash and cash equivalents		
	(a) Cash on hand	622,875	1,832,118
	(b) Cheques, drafts on hand	6,179,737	78,607,705
	(c) Balances with banks		
	(i) In Current accounts	37,663,520	35,881,911
	(d) Credit card Collection Due	1,075,499	870,660
	Total	45,541,125	67,191,894
12	Other Current Assets		
	Advance for Purchase	3,991,336	7,036,180
	Other Advances	47,384,025	44,460,504
	Advance to employees	415,765	-
	Advance to vendor	-	142,100,000
	Prepaid expense	803,667	624,141
	Total	52,594,793	194,220,825

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		Number of shares	In `	Number of shares	In `
13	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
	Total	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 31st March, 2019		-	-	
	- Number of shares	10,555,670	-	-	10,555,670
	- Amount (In `.)	105,556,700			105,556,700
	Year ended 31st March, 2018				
	- 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 Rs 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 31st March, 2019		As at 31st March, 2018	
		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 31st March, 2019				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435
	As at 31st March, 2018				
	M/s Katra Holdings Ltd, the holding company	6,493,435			6,493,435

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Note No	Particulars	As at 31st March, 2019	As at 31st March, 2018
		Amount in Rs.	Amount in Rs.
14	<u>Other Equity</u>		
	Capital Reserve	4,541,879	4,541,879
	Share Premium	114,514,976	114,514,976
	General reserve	1,798,000	1,798,000
	Net Surplus / (Deficit) in the Statement of Profit and Loss	(136,008,557)	(147,376,878)
	Total	(68,290,537)	(26,522,023)
15	<u>Financial Liabilities- Borrowings (Non Current)</u>		
	(a) Term loans		
	Vehicle Loan	396,572	568,445
	ECL Finance Limited	303,439,726	200,000,000
	Katra Holding Pvt Ltd	146,920,840	186,824,922
	Katra Finance Limited	43,708,929	41,099,158
	Total	494,466,067	428,492,525
16	<u>Financial Liabilities-Provisions (Non Current)</u>		
	Provision for Gratuity	39,975,360	36,243,083
	Total	39,975,360	36,243,083
17	<u>Other Long-Term Liabilities</u>		
	Deposits Received from Business associates	3,015,000	3,715,000
	Total	3,015,000	3,715,000
18	<u>Financial Liabilities -Borrowings(Current)</u>		
	Secured loan repayable on demand		
	Kotak Mahindra Bank-Ernakulam (OD)	10,715,656	13,350,234
	Kotak Mahindra Bank-Bangalore (OD)	79,236,956	73,122,285
	Kotak Mahindra Bank-Bangalore (OD)		15,000,000
	Kotak Mahindra Bank Short Term Loan	20,161,370	20,161,370
	(Credit Facilities from Kotak Mahindra Bank are secured Against exclusive charge on entire current assets of the Company both present and future , Collateral in the form of equitable mortgage of land belonging to the Company in Kalloor Thekkummuri Village , Trichur District and mortgage of land belonging to Chairman situated at Bangalore and personal guarantee of Chairman)		
	Secured loan repayable on demand		
	ICD from Tata Global Beverages Limited	42,500,000	42,500,000
	(E M of 2 Acres and 4 Guntas of land bearing Survey no 49 of Sonnapanahalli Village, Doddaballapur Taluk, Bengaluru belong to Arudrama)		
	Kotak Mahindra Bank STL	1,956,517	11,550,962
	Kotak Mahindra Bank Limited	495,048	
	(Secured by Lein on Fixed Deposit of Rs26,46,203/- held with Kotak Mahindra Bank and personal guarantee of the Directors)	-	
	Unsecured Loans		
	Katra Holding Pvt Ltd- Current	-	136,081,741
	Toyota Financial Service Pvt Ltd	1,825,821	-
	Neogrowth Credit Private Limited	1,050,612	-
	TATA Capital Financial Services Limited	1,833,390	2,384,958
	Bajaj Finance Limited	2,525,000	2,525,000
	Capital First Limited	1,900,244	4,368,153
	Credit card Dues	1,512,505	1,878,134
	Total	165,713,119	322,922,837

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

Note No	Particulars	As at 31st March, Amount in ₹2019	As at 31st March, Amount in ₹2018
19	Trade Payables Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006 Sundry Creditors- Mfgs. Sundry Creditors- Others Total	 29,480,030 14,217,787 43,697,817	 25,606,421 13,091,490 38,697,911
20	Other current liabilities (a) Other payables Advances from Customers Statutory Liabilities Accrued Employee Liabilities Loans repayable within one year-HP Loan Rent Payable Other Current Liabilities Provision for gratuity Total	 60,016,338 6,774,034 8,912,343 194,097 7,338,537 12,451,809 6,685,372 101,872,531	 34,189,790 7,781,364 16,766,826 366,800 6,983,377 5,131,676 4,033,052 75,252,885
21	Provisions Bonus Payable Privilege Leave Encashment Payable Provision for Taxation Total	 4,440,800 896,652 4,989,859 10,327,311	 5,931,012 970,755 10,297,609 17,199,376
22	Revenue from Operations (a) Sale of products (b) Sale of services Total	 410,834,325 211,025,269 621,859,594	 369,270,081 219,449,787 588,719,868
23	Other Income Other Income Interest Received Total	 414,441 1,265,090 1,679,531	 - 2,638,503 2,638,503
24	Cost of materials consumed <u>Raw Material</u> Opening stock Add: Purchases Less: Closing stock (A) <u>Packing Material</u> Opening Stock Add: Purchase Less: Closing Stock (B) Cost of material consumed(A+B)	 12,513,034 104,241,860 14,515,556 102,239,338 3,796,657 25,781,991 5,276,124 24,302,524 126,541,863	 8,563,976 80,453,558 12,636,596 76,380,938 3,288,537 19,928,497 3,796,657 19,420,376 95,801,314
25	Purchase of Stock In Trade Purchase of Medicines Total	 14,102,107 14,102,107	 19,846,181 19,846,181
26	Changes in inventories of stock of F.G, WIP & Stock in trade <u>Inventories at the end of the year:</u> Stock of FG,WIP & Stock in Trade <u>Inventories at the beginning of the year:</u> Stock of FG,WIP & Stock in Trade Net (increase) / decrease	 57,667,481 57,667,481 52,925,538 52,925,538 (4,741,942)	 52,801,976 52,801,976 49,952,273 49,952,273 (2,849,703)
27	Employee benefits expense Salaries and wages Contribution to Provident Fund Staff welfare expenses Total	 181,117,302 10,809,976 17,231,568 209,158,846	 154,050,765 9,652,300 14,063,584 177,766,649

Kerala Ayurveda Limited

Notes forming part of the Consolidated financial statements for the year ended 31st March, 2019

Notes	Particulars	As at 31st March, 2019	As at 31st March, 2019
		Amount in ₹	Amount in ₹
28	<u>Finance costs</u>		
	(a) Interest expense on:		
	(i) Borrowings	20,444,713	14,306,665
	Interest WC	-	-
	(ii) Others		
	- Other Interest	3,837,584	4,354,321
	Total	24,282,297	18,660,986
29	<u>Depreciation expense</u>		
	Depreciation	8,936,608	17,306,951
	Amortisation of Goodwill and Project Expenses	880,882	1,011,723
	Total	9,817,490	18,318,674
30	<u>Other expenses</u>		
	Rent	24,620,184	21,886,581
	Bank Charges	1,457,458	1,705,278
	Rates and Taxes	3,420,951	2,107,453
	Legal & Professional charges	6,930,677	7,165,407
	Directors Sitting Fee	535,000	560,000
	Research and Development Expenses	381,507	309,753
	Travelling -Others	3,517,722	3,412,508
	Loss on sale of fixed Asset	-	11,341
	Repairs & Maintenance- Others	2,184,148	1,590,716
	Vehicle Maintenance	309,018	348,103
	Insurance	793,399	671,629
	Printing & Stationery	2,386,350	1,436,322
	Postage & Telephone	4,232,662	3,942,678
	Secretarial Expenses	1,694,738	1,608,732
	Repairs & Maintenance Branch assets	567,690	781,126
	Conveyance Expenses	4,023,982	2,434,545
	Canteen Expenses	1,760,835	2,308,583
	Electricity charges (Branches/Depot)	2,063,221	2,241,925
	Other Administrative Expenses	10,382,810	13,179,598
	Internal Audit fee	60,000	40,000
	Audit fee	210,000	125,000
	Travelling-Sales Staff	16,341,870	11,955,004
	Advertisements	423,556	353,763
	Commission & Discount	9,720,977	11,452,126
	Training Expenses	457,576	327,041
	Freight Outward	9,304,592	8,570,447
	Sales promotion exp	15,085,730	16,518,092
	Other Selling & Distribution Expenses	6,602,118	2,773,426
	Fuel Consumed	6,557,365	2,513,743
	Electricity charges	2,810,563	2,566,672
	Repairs to Plant & Machinery	4,869,010	1,899,797
	Repairs to Building	3,243,608	2,606,204
	Job Works	25,961,789	27,566,740
	Other Manufacturing Expenses	3,397,605	2,011,665
	Cultivation Expenses	227,091	141,807
	Indirect Tax	31,533,501	30,814,058
	Independent Contractor	3,058,150	666,660
	Treatment Expenses	18,486,090	19,117,185
	Total	229,613,545	212,721,711
	(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
	As auditors - Statutory audit & Tax Audit	210,000	225,000
	For Certification and other matters	78,500	42,500
	Reimbursement of expenses	37,620	42,550
	Total	326,120	310,050

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2019

31 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
Ayurvedagram Heritage Wellness Center Pvt Ltd	India	74%	April-March
Ayu Natural Medicine Clinic, PS.	USA	100%	April-March
Ayurvedic Academy INC.	USA	100%	April-March
Nutraveda INC.	USA	100%	April-March
Nutraveda Pte Ltd	Singapore	100%	April-March
CMS Katra Holdings LLC *	USA	81.67%	April-March
CMS Katra Nursing LLC	USA	100%	April-March

* CMS KatraNursing LLC, is a step down subsidiary of the company.

32 Related party transactions**A: Names of related parties and nature of related party relationships**

Description of relationship	Names of related parties
Holding Company	Katra Holdings Ltd, Mauritius
Subsidiary Companies	Ayurvedagram Heritage Wellness Centre Pvt Ltd
	Nutraveda Inc
	Ayu Natural Medicine Clinic PS, USA
	Ayurvedic Academy Inc., USA
	Nutraveda Pte Ltd
	CMS Katra Holdings LLC, USA
	CMS Katra Nursing LLC, USA
Companies where Promoter Director is having control/significant influence	All Seasons Herbs Pvt. Ltd.
	KAL Ayurveda Research Foundation
	Katra Holding Pvt. Ltd.
	Katra Finance Ltd, Mauritius
	Confederation for Ayurvedic Renaissance Keralam Ltd
	S R Pharmaceuticals
	Global Agri Systems Pvt Ltd
	Global Nutri Food India Pvt Ltd
	Katra Phytochem India Pvt. Ltd.
	Mason & Summers Leisure Pvt. Ltd.
Director/Key Managerial Person	Dr K Anil Kumar, Whole time Director
	Mr Arvind Agarwal , CFO
	Mr K. Raghunadhan, Company Secretary

Note: Related parties have been identified by the Management.

Kerala Ayurveda Limited

Notes forming part of the Consolidated financial statements for the year ended 31st March, 2019

B: Transactions with Related Parties			
Particulars	31st March, 2019	31st March, 2018	
Purchase of Raw Materials			
All Season Herbs Pvt Ltd	4,013,320	2,525,015	
Confederation for Ayurvedic Renaissance Keralam Ltd	272,650	258,897	
Katra Phytochem (India) Pvt Ltd	1,128,291	6,972,288	
Sale of Raw Materials			
Confederation for Ayurvedic Renaissance Keralam Ltd	-	131,063	
Services Rendered			
Katra Holding Pvt Ltd	4,286,000	1,130,468	
Katra Phytochem India Pvt Ltd	265,617	5,432,243	
Global AgriSystems Pvt Ltd		-	
Services Received			
Mason & Summers Leisure P Ltd	1,776,567	894,374	
S R Pharmaceuticals	6,672,884	5,713,228	
Remuneration Paid			
Dr K Anilkumar, Executive Director	3,024,000	2,969,460	
Mr Arvind Agarwal, CFO	2,892,000	2,893,584	
Mr K. Raghunadhan, Company Secretary w.e.f 18/01/2017	488,590	571,308	
Reimbursement of Expenses			
Katra Phytochem India Pvt Ltd	61,777	206,345	
Advances			
Mason & Summers Leisure P Ltd	1,476,507	-	
Payables			
Mason & Summers Leisure P Ltd	573,577	539,330	
Repayment of Loans			
Katra Holding Pvt Ltd	136,081,741	4,297,500	
Katra Finance Ltd, Mauritius	10,116,939	(37,502,031)	
Receivables			
Katra Holding Pvt Ltd	12,341,552	8,216,446	
Global AgriSystems Pvt Ltd	236,800	236,800	
Global Nutri Food India Pvt Ltd	1,065,949	1,065,109	
Balances outstanding at the end of the year			
Katra Finance Ltd, Mauritius	116,544,990	100,073,449	
from Katra Holding Pvt Ltd	146,920,840	322,906,663	
33 Contingent Liabilities			
I. The company has given a bank guarantee of Rs.500,000/- to The Registrar, Banaras Hindu University towards security deposit for setting up Kerala Ayurveda Panchakarma Center at S S Hospital under BHU.			

Kerala Ayurveda Limited

Notes forming part of the Consolidated financial statements for the year ended 31st March, 2019

34	Deferred tax assets/ (liabilities)			
	Particulars	As at 31st March, 2018	Movement	As at 31st March, 2019
	Book/Tax depreciation difference	(12,484,752)	1,141,491	(11,343,261)
	Provision for Gratuity	2,885,860	1,709,402	4,595,262
	Unabsorbed Depreciation Carried forward	(2,467,673)	(940,045)	(3,407,718)
	Total deferred tax liability	(12,066,565)	1,910,848	(10,155,717)
35	Earnings per share :			
	Particulars	31st March, 2019	31st March, 2018	
	Net Profit /(Loss) after Tax	11,368,320	9,347,787	
	Weighted Average Number of Shares outstanding during the year	10,555,670	10,555,670	
	Earnings Per Share (Rs.)	1.08	0.89	
	Nominal Value of Shares (Rs.)	10.00	10.00	
36	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.			
37	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 BIJU GEORGE & CO
Chartered Accountants
FRN: 007920S

Sd/-
BIJU GEORGE, BSc, FCA
Proprietor
MEM REGN No. 206233

Bengaluru
29th May, 2019

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

Sd/-
RAMESH VANGAL
Chairman

Sd/-
Dr K ANILKUMAR
Executive Director

Sd/-
SURBHI SHARMA
Company Secretary

Sd/-
ARVIND AGARWAL
Chief Financial Officer



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FOR DRY SKIN



Kapha Massage Oil

FOR OILY SKIN

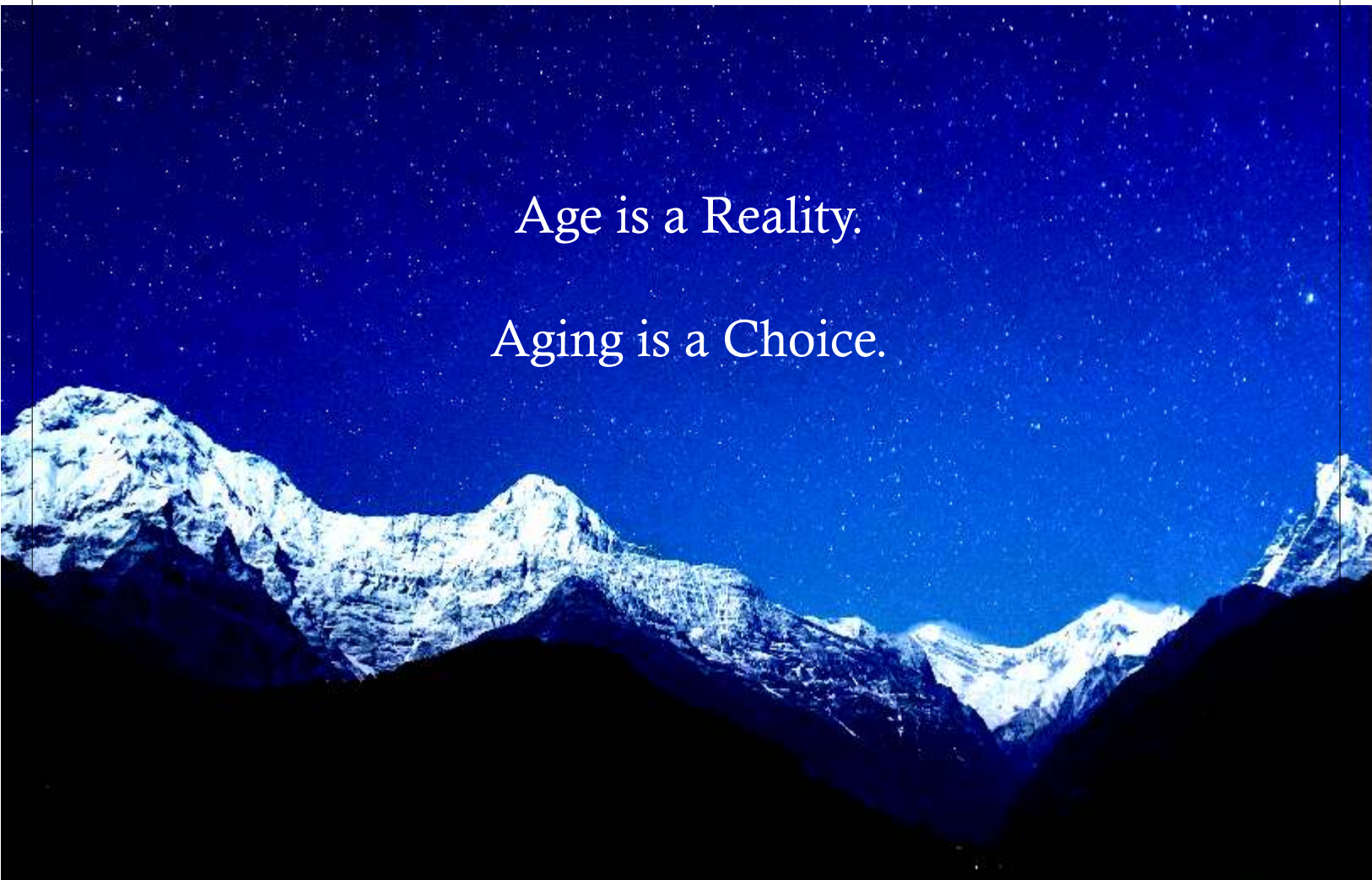


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Kerala Ayurveda Limited

CIN: L24233KL1992PLC006592

Registered 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, Bengaluru - 560008.

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