



EVOLVING AYURVEDA  SINCE 1945

Kerala Ayurveda Limited

19th Annual Report 2010-11

Our Vision

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



AyurvedaGram is now Frost & Sullivan's Integrated Wellness Services Provider Company of the Year, 2010.

Academy | Products | Clinics | Hospitals | Resorts | Services



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Dr. K.S. Sabha of VPSV Ayurveda College Kottakkal, receiving the Ganesha award 2010 from Dr. C.R. Ramachandran, Retd. Principal, Medical College, Kozhikode.



Dr. P.V. Jaydevan, Professor, VPSV Ayurveda College Kottakkal, receiving the Acharyasra award from Mr. Ramesh Vengal, Chairman, Kerala Ayurveda Ltd.



Participation of Kerala Ayurveda Ltd in the 4th World Ayurveda Congress at Bangalore as a sponsor. View of KAL stall at the event.



Kerala Ayurveda Stall at Natural Product Expo West 2011 - Anaheim USA



Dr. K. Arivikumar and team of AyurvedaGuru Heritage Wellness Centre receiving the award "Frost & Sullivan Best Integrated Wellness Service Provider-2010 for excellence in healthcare services".



Mr. Ramesh Vengal, Chairman signing the MOU with Bharath Hindu University, Kerala.



Dr. K. Arivikumar receiving the Outstanding Entrepreneurship Award instituted by KSIDC from Sri. Gopalan Chandu, Chief Minister, Kerala.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN	Mr. Ramesh Vangal
VICE CHAIRMAN	Mr. Ronald George Pearce
EXECUTIVE DIRECTOR	Dr. K Anilkumar
DIRECTORS	Mr. A T Jacob Dr. K Rajagopalan Mr. M C Mohan Mr. S Krishnamurthy Ms. Katharin Zimpel Vangal Mr. Anand Subramanian (Alternate to Ms. Katharin Zimpel Vangal)
COMPANY SECRETARY	Mr. K Raghunadhan
REGISTERED OFFICE & FACTORY	VII/415, Nedumbassery, Athani P.O, Aluva-683 585, Kerala, India. info@keralaayurveda.biz www.keralaayurveda.biz
CORPORATE OFFICE	No.1134, 1st Floor, 100 Feet Road, HAL 2 nd Stage, Indiranagar, Bangalore - 560 008.
AUDITORS	M/s. Maharaj Rajan & Mathew, Chartered Accountants, Alummoottil Flats, Opp. Global Tyres, Palarivattom Kochi - 682 025.
BANKERS	AXIS Bank Ltd., Bangalore.
REGISTRAR & TRANSFER AGENTS	M/s. Integrated Enterprises (I) Ltd. Kences Towers 2nd Floor, No.1 Ramakrishna Street, Off North Usman Road, T Nagar, Chennai - 600 017. Ph: 044-28140801-03 Fax : 044-28142479 corpserv@iepindia.com

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CHAIRMAN'S STATEMENT

Dear Shareholders,

Ayurveda is a great global opportunity. There is a general tendency to hold back as there is a perception that Ayurveda is unscientific, irrational and unsafe. Our efforts have been to unlock the wisdom of Ayurveda through scientific validation that meets the exacting standards of regulatory bodies such as the US FDA and the European Union.



As you are aware, your company's Research & Development is intent on creating Wellness claims that deliver Intellectual Property, which in turn leads to partnering with marketing expertise to commercialization of the products and services.

We have pioneered the integration of cutting edge research and scientific validation to establish safety and efficacy of our Ayurvedic compositions. The objective evaluation of Ayurvedic compositions by employing globally venerated scientific processes appeals to the intensely rational generation that calls for unequivocal evidence of anecdotal wisdom.

This year witnessed a consolidation of the company's efforts to align an Integrated Research Platform that delivers value to our products and services. The core principles that will define our business will be to deliver Innovative products that are Pure, Safe and Effective.

Our association with Banaras Hindu University ('BHU'), an establishment of respect and international repute and one of the oldest university in India, to conduct collaborative research is a significant step towards establishing clinical proof of therapeutic efficacy. The clinical studies administered on our Ayurvedic compositions, using protocols and methods for ensuring scientific rigor and credibility, will lead to significant value addition in positioning of these products in markets, both in India and overseas.

Innovation in product development delivers an opportunity to reach consumers across multiple touch points. With an ability to derive active compositions from Ayurvedic wisdom substantiated with science, the logical next step is to develop products across different formats such as foods, beverages, water and lifestyle. The Joint Venture with Tata Global Beverages Ltd (earlier known as Tata Tea Ltd) endeavors to create products that are 'great tasting' and which can be marketed across various geographies.

Kerala Ayurveda's subsidiary, AyurvedaGram Heritage Wellness Centre, received the Best Practices Award from Frost & Sullivan as the "Wellness Service Provider Company of the year". The award of "Wellness Service Provider Company of the year" is a testimony of the company's vision to furthering the acceptance of alternative medicine, like ayurveda, worldwide, by providing products and services that are authentic, pure and meet global standards.

I am confident that your company's continuous initiatives and efforts will yield desired results for achieving the required goals of higher growth and to meet the expectations of all the stakeholders.

I express my sincere thanks to all the stakeholders including the Bankers, Employees, Distributors, Suppliers and importantly, our loyal shareholders for their unstinted support and relentless cooperation.

Bangalore
August 31, 2011

Ramesh Vangal
Chairman

Go Green Today!

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to shareholders. Members are requested to support this green initiative by updating their email addresses with the respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the nineteenth Annual General Meeting of the Members of Kerala Ayurveda Ltd. will be held on Wednesday, the 28th September 2011 at 3.00 P.M. at Green Park Auditorium, N.H. 47, Desom, Aluva-683103, Kerala, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2011 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. A T Jacob, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S Krishnamurthy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M C Mohan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Maharaj Rajan & Mathew, Chartered Accountants, Kochi, as Auditors of the company to hold office from the conclusion of this Meeting upto the conclusion of the next Annual General Meeting on such remuneration and out of pocket expenses as may be approved by the Board of Directors.

Place: Bangalore

Date : 12th August 2011

By order of the Board of Directors

K.Raghunadhan
Company Secretary

Notes:

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing a proxy as per the format attached herewith be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- b) The relevant details as required by Clause 49 of the Listing Agreement entered into with Stock Exchanges, of persons seeking re-appointment as Directors under item Nos. 2, 3 & 4 above are annexed hereto.
- c) The Register of Members and Share Transfer Books will remain closed from 22nd September 2011 to 28th September 2011 (both days Inclusive).

Members are requested to send their correspondence/queries to the Share Transfer Agents, M/s. Integrated Enterprises (India) Ltd. having office at Kences Towers, 2nd Floor, No.1 Ramakrishna Street, Off North Usman Road, T Nagar, Chennai 600017, Ph: 044-28140801-03 Fax : 044-28142479, E-mail : corpser@leplndia.com with a copy to the company's registered office and quote their folio number/client ID number

REQUEST TO MEMBERS

- a) Members holding shares in physical form are requested to notify any change in their address to the company's Registrar & Share Transfer Agent. Members holding shares in electronic form are requested to intimate the changes, if any, in their address to respective depository participants only.

- b) Shareholders intending to make queries at the AGM on any aspect of the working of the company, on the published accounts or of the Directors' Report may write to The Company Secretary, Kerala Ayurveda Ltd, Nedumbassery, Athani P.O., Aluva-683585 so as to reach it latest by 25th September, 2011.
- c) The form of attendance slip is attached with this notice. Shareholders are requested to produce it for verification at the meeting. Members/proxies are requested to bring their copy of the Annual Report to the AGM.
- d) The registration at AGM venue shall be strictly open only upto the time AGM starts. Shareholders are requested to be present before AGM time. As per recent MCA guidelines no free medicine/gift will be distributed at the AGM.
- e) Details of the Directors seeking re-appointment in the ensuing Annual General Meeting, to be furnished as per Clause 49 of the Listing Agreement

Mr. A. T. Jacob	Non Executive/Promoter Director
Expertise in specific functional areas	He has got significant domain expertise on Plantation and Agri based products in healthcare space and he is currently serving as Managing Director of Katra Phytochem India Pvt. Ltd.
Date of Joining the Board	31 st January 2009
Qualifications	B.Sc.(Botany), P.G. Diploma in Management.
Directorship held in other companies (excluding foreign companies)	Katra Phytochem India Pvt Ltd, Arudrama Developments Pvt Ltd, Avan Agro Tech Pvt Ltd, Vector Program Pvt Ltd, Global Agrisystem Pvt Ltd, Ayurvedagram heritage Wellness Centre Pvt Ltd, Asha Medical Foundation Pvt Ltd.
Membership in sub committees of the Board	Audit Committee, Share Transfer Committee
Shareholding in the company	NIL
Mr. S Krishnamurthy	Non Executive/Independent Director
Date of Joining the Board	2 nd September 2006.
Expertise in specific Functional Areas	Professional Banker with overall experience exceeding over 40 years in various Senior Positions in Reserve Bank of India and other Public/Private Sector Banks. He is former Chairman of Tamilnad Mercantile Bank. Lastly he held the position of Banking Ombudsman, Chennai.
Qualifications	First Class Graduate of the Madras University, Master's Degree in Labour Management, PG Diploma in Industrial Relations and Personnel Management and HRM , Certified Associate of Indian Institute of Bankers, Bachelor of General Laws.
Directorship held in other companies (excluding foreign companies)	Shriram City Union Finance Ltd, Take Solutions Ltd, Shriram EPC Ltd,
Membership in sub committees of the Board	Remuneration Committee, Audit Committe.
Shareholding in the company	NIL
Mr. M C Mohan	Non Executive /Independent Director
Date of joining the Board	2 nd September 2006
Expertise in specific Functional Areas	M.C. Mohan started his carrier with Procter & Gamble and had a memorable 28 years stint at P&G across 3 continents, including setting up manufacturing and business operations, building business on new brands, responsible for diversified P& G products and also being the Global Team Leader for recruiting talents in Europe. He was the former GM, UK & Ireland, Findus Ltd. Presently M.C. Mohan is the Executive - in-residence at the London School of Business & Management and also acts as coach for several CEOs in UK and India.
Qualifications	Honours degree In Mechanical Engineering and M.Tech from IIT, Kharagpur. MS degree in Mechanical Engineering from the University of Hawal and MBA from Columbia University.
Directorship held in other companies (excluding foreign companies)	NIL
Membership in sub committees of the Board	Audit Committee
Shareholding in the company	NIL

Place: Bangalore
Date: 12th August 2011

By order of the Board of Directors

K.Raghunadhan
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 19th Annual Report on the business and operations of the company together with the Audited accounts for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

The Annual results of the company for the financial year ended 31st March 2011 as compared with the previous years are summarized below:

(₹ in Lacs)

GROSS INCOME	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Gross Income	2068.49	2106.35	2705.86	3364.89
Less: VAT & Excise Duty	96.73	81.05	96.73	81.05
Net Income from Sales/Services	1971.76	2025.30	2609.13	3283.84
Other Operational Income	22.17	23.16	44.57	46.13
TOTAL Income	1993.93	2048.46	2653.70	3329.97
Profit before Interest, Depreciation & Tax (EBITDA)	59.81	83.57	(121.02)	90.32
Other Income	1.40	1.07	1.40	1.07
Finance Charges	74.69	148.58	115.81	232.60
Depreciation & Amortisation	221.63	255.04	330.40	367.60
Profit/(Loss) before exceptional items	(235.11)	(318.98)	(565.83)	(508.81)
Exceptional Items	435.16	103.33	435.16	103.33
Profit/ (Loss) Before Tax	200.05	(215.65)	111.37	(405.48)
Provision for Deferred Tax Asset	58.85	52.46	(130.67)	32.28
Provision for MAT	0	0	0.19	(3.61)
Net Profit/(Loss)	141.20	(163.19)	(193.93)	(369.59)
Minority Interest in Profit			2.37	10.80
Net Consolidated Profit/(Loss)	141.20	(163.19)	(196.30)	(380.38)
Balance brought forward from previous year	(1248.64)	(1085.44)	(2865.71)	(2630.35)
Forex Fluctuations			(29.34)	145.02
Appropriations	NIL	NIL	NIL	NIL
Balance Carried to the Balance Sheet	(1107.44)	(1248.63)	(3091.36)	(2865.71)

PERFORMANCE ANALYSIS

During the financial year under review, the total revenue of the company decreased marginally to ₹1994 Lacs from ₹2048 Lacs in the corresponding previous financial year. The total revenue including its subsidiaries on a consolidated basis for the year is ₹2654 Lacs against ₹3330 Lacs, and the drop is mainly on account of restructuring of operations of KAL US entities in order to stem the losses.

The operational results for the financial year ended with a net profit of ₹. 141.20 Lacs as against a net loss of ₹.163.19 Lacs in the previous year, with a marked improvement in EBITDA.

DIVIDEND

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

BUSINESS REVIEW

Your company entered into a Memorandum of Understanding with Tata Global Beverages Limited, with the intention of exploring the formation of a joint venture for focusing on development of a range of Beverages and Food Products based on proven Ayurvedic recipes, actives and formulations for the Global market where there is worldwide recognition of the benefits of Ayurveda for good health and wellness.

Your company entered into a memorandum of Understanding with Banaras Hindu University (BHU), a reputed university. Under the proposed arrangement, faculty of Ayurveda, Institute of Medical Sciences, BHU will collaborate with KAL to undertake research and development in areas like geriatric care, cancer, anemia, metabolic diseases, including diabetes and epidemic prevention under a PPP model.

During the year, in order to channelize funds as required for the business, the company has disposed off certain idle and non-productive assets located at Poolani, Kerala and Thally and also the rights of part of the software projects.

The above steps taken by the company are expected to improve the growth of the company in future years.

Your company has launched new products like Glymin Drink, K M Lepam, Liposem Arishtam and received manufacturing licenses for 14 new PRD Products from the Drug Control Authority. Modern packaging was adopted for a few of the products with an aim to improve product visibility and retain medicine potency.

In order to enhance the research skills of Phd students, your company invited thesis paper from Phd students across India and evaluated the same with eminent panel of Ayurveda experts and awarded the Best Thesis award "Gaveshak Ratna" to the student and "Acharya Ratna" to the guide, along with cash prize of ₹. 2,00,000 and ₹. 50,000 respectively. Your company had actively participated in the 4th World Ayurveda Congress held at Bangalore as one of the sponsors and had a stall at the event to exhibit the range of products and services offered by your company which was well received by the public. Papers were also presented during the congress by our research scholars.

PERFORMANCE OF SUBSIDIARIES

Indian Subsidiary

During the year under review, M/s. AyurvedaGram Heritage Wellness Centre Pvt. Ltd. has achieved a turnover of ₹. 345 Lacs against a turnover of ₹.365 Lacs in the previous financial year. The Net profit of the company, after providing for tax has decreased to ₹.9.13 Lacs from ₹.33.17 Lacs in the previous year, mainly due to increased costs. Ayurvedagram has won the prestigious Frost & Sullivan award "Integrated Wellness Service Provider Company for the year 2010" as a recognition for our commitment to wellness.

Overseas Subsidiaries

The combined turnover of overseas subsidiaries was ₹.382.36 Lacs as compared to ₹.984.85 Lacs in the previous year. Operations of the US Ayu subsidiaries namely Ayurvedic Academy Inc, Ayu Natural Medicine Clinic PS and Ayu Inc. have stabilized after restructuring and has led to reduction in losses considerably. Web presence of Kerala ayurveda academy in USA has tremendously grown due to initiatives taken to build likeminded community on the web around Facebook and Twitter. The company has integrated Moodle e-learning platform with our website and thereby improved the reach and scalability of the academy.

The nursing business under CMS Katra Nursing LLC continues to be impacted due to visa retrogression and consequently nurse domestic staffing business remained temporarily suspended.

CORPORATE SOCIAL RESPONSIBILITY

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts for the year ended 31st March 2011, the applicable accounting standards had been followed along with proper explanations and there were no material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March 2011 and of the profit or loss of the company for the year ended 31st March 2011.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Annual accounts have been prepared on a going concern basis.

DEPOSITS

In terms of the provisions of Sec.58A, the company has not accepted any deposits from the public during the financial year under review and there are no outstanding fixed deposits from the public as on 31st March 2011.

HUMAN RESOURCE MANAGEMENT/INDUSTRIAL RELATIONS

KAL continued its effort to strengthen the human resource system, realizing the fact that human resource is the key factor of future growth strategy. Company focuses to upgrade skills of human resources and boost their motivation levels so as to achieve organization excellence and to enhance their contributions to meet company's goals. We remain dedicated to maintain a workplace that respect and values people from diverse backgrounds and facilitates all employees to do their very best. During the year your company concluded 3 year long term wage settlement with its employees.

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

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS

Mr. A T Jacob, Mr. S Krishnamurthy and Mr. M C Mohan, Directors of the company retire by rotation at ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CONSOLIDATED FINANCIAL STATEMENTS

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

SUBSIDIARIES

Your company has seven subsidiaries including one step down subsidiary as on 31st March 2011 and the details of which are as under:

SL No	Name	Location	% of holding
1	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Bangalore, India	74%
2	Ayu Natural Medicine Clinic, P.S.	USA	100%
3	Ayurvedic Academy Inc.	USA	100%
4	Ayu Inc.	USA	100%
5	Nutraveda Pte Ltd.	Singapore	100%
6	CMS Katra Holdings LLC	USA	81.67%
7	CMS Katra Nursing LLC	USA	51%*

* CMS Katra Holdings LLC holds 51% shareholding in CMS Katra Nursing LLC, hence it is a step down subsidiary of your company.

The company through its WOS, Ayu Inc has entered into an agreement with Jo Management LLC to acquire 49% stake in CMS Katra Nursing LLC and the same is expected to be completed in the current financial year.

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

AUDITORS

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Place: Bangalore

Date : 12/08/2011

Ramesh Vangal
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

	2010-11	2009-10
A. Power and Fuel Consumption		
1. Electricity		
a. Purchase units	1,89,258	1,90,692
Total Amount	₹10.37 lacs	₹ 9.57 lacs
Cost/ Unit	₹5.47/Unit	₹ 5.01/Unit
b. Own generation through Diesel		
Generator Units	7,806	4,553
Unit/Ltr. of diesel	2.63	1.36
Cost/unit (₹)	15.31	30.88
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity (K.Ltr)	200.21	186.31
Total amount	₹69.00 Lacs	₹47.28 lacs
Average Rate (₹/K.Ltr)	₹34,463	₹25,377
4. Others/Internal Generation	NIL	NIL

B. Consumption per unit of production:

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

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

1. Specific areas in which R&D : Product development, Process Development and
Carried out by the company Quality improvement

Benefits derived as a result of Above R&D	:	Developed products such as KM Iepam, Saraswatha Granules, Swarnamukhi Cream and Prostoact.
Future plan of action	:	Development of Production Process to meet FDA Compliance. Development of Products as per Changing needs of International Markets.
2. Expenditure on R&D		2010-11
a) Capital	:	₹.88,761
b) Recurring	:	₹.2,472,341
c) Total	:	₹.2,561,102
d) R&D expenditure as a % of total Income	:	1.28 %
		2009-10
		₹.109,192
		₹.2,101,483
		₹.2,210,675
		1.08%

Technology absorption, adaptation and innovation:

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

Foreign Exchange Earnings and Outgo

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

Foreign Exchange earnings & outgo	Current year	Previous year
Earnings	₹.90.30 Lacs	₹.70.78 Lacs
Out go	₹.4.04 Lacs	NIL

For and on behalf of the Board of Directors

Place: Bangalore
Date: 12/08/2011

Ramesh Vangal
Chairman

KERALA AYURVEDA LTD

Regd. Office.VII/415, Nedumbassery, Athani P.O., Aluva - 683 585.

<http://www.keralaayurveda.biz/htmls/aboutus/investor.html>

Dear Member,

Dt: July 14, 2011

Every 3000 sheets of papers cost us a tree. Realizing this truth and for maintaining the most exquisite planet of earth evergreen, the Ministry of Corporate Affairs (MCA) has taken a Go Green Initiative in the Corporate Governance by allowing paperless compliances by the companies. To put it precisely, MCA has issued a Circular on 21st April, 2011 stating that the service of notice / documents by a company to its Shareholders can now be made through electronic mode.

Your company is always on the tip-toe to support such noble initiation by MCA, it proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors Report, Auditors Report, etc., for the year ended on March 31, 2011 and henceforth all the statutory documents to the shareholders in Electronic Form.

In this regard, we propose to send Annual Report of the Company, including notice of annual general meeting, financial statements, directors report, auditors report etc., for the year ended March 31, 2011 in electronic form, to the e-mail address provided by you and made available to us by the depositories.

In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to Investor@keralaayurveda.biz on or before August 15, 2011 by clearly mentioning your DP ID and Client ID.

Please note that the annual report will be available on the Company website <http://www.keralaayurveda.biz> for download by the shareholders. Please note that you will be entitled to be furnished, free of cost, with a copy of the annual report, upon receipt of the requisition from you, any time, as a member of the company.

We are sure you would appreciate the Green Initiative taken by MCA and your Company desires to Participate in such initiatives.

Thanking you,
Yours faithfully,

For Kerala Ayurveda Ltd.

K.Raghuathan
Company Secretary

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance envisages high standards of transparency, accountability, ethical operating practices and professional management thereby enhancing shareholders' value and protecting the interest of the various stakeholders like depositors, creditors, customers, suppliers and employees. Your company is committed to highest standards of Corporate Governance by ensuring integrity in financial reporting, disclosure of material information, continuous improvement of internal controls and sound investor relations.

2. BOARD OF DIRECTORS

The KAL Board comprises of Executive, Non-Executive and Independent Directors. The Chairman of the company is a Non-Executive Promoter Director. The composition of the Board of Directors as on 31st March 2011 is in accordance with provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges. All the directors have informed the company periodically about their directorship and Membership on the Board Committees of other companies. As per disclosure received from Director(S), none of the directors holds membership in more than ten (10) Committees and Chairmanship in more than (5) committees.

The Board of Directors, overviews the performance of the Company, approves and reviews policies/strategies and evaluates management performance. The composition of the Board of Directors, Board Meetings held during the year under review and other relevant details are given below:

a) Composition of the Board

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

*Attended by Alternate Director Mr.Anand Subramanian.

b) Meetings of the Board

Date of Board Meeting	Total Strength of the Board	No. of Directors Present
10 th April 2010	8	6
12 th May 2010	8	5
29 th July 2010	8	6
21 st August 2010	8	6
14 th November 2010	8	7
31 st January 2011	8	6

c) Other Directorships

Name(s) of Directors	No. of directorship in other Boards	No. of Chairmanship in other Boards	No. of membership in other Board Committees	No. of Chairmanship in other Board Committees
Mr. Ramesh Vangal	14	1	0	0
Mr. Ronald George Pearce	1	0	0	0
Dr. K Anilkumar	1	0	1	0
Dr. K Rajagopalan	0	0	0	0
Mr. M C Mohan	0	0	0	0
Mr. S Krishnamurthy	3	0	8	0
Ms. Katharin Zimpel Vangal	1	0	0	0
Mr. A T Jacob	7	0	0	0
Mr. Anand Subramanian	1	0	0	0

d) Pecuniary relationship or transactions

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

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

e) Prevention of Insider Trading

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

3. AUDIT COMMITTEE

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

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

Composition and Attendance

The Audit Committee at present comprises of four Directors viz. Mr. S Krishnamurthy, Mr. M C Mohan, Ms. Katharin Zimpel Vangal and Dr. K Rajagopalan. Mr. S Krishnamurthy is Chairman of the Committee. During the financial year under review, five Audit Committee Meetings have been held on the following dates: 1) 12th May 2010, 2) 29th July 2010, 3) 21st August 2010, 4) 14th November 2010 and 5) 31st January 2011. The particulars of Meetings attended by the members of the Audit Committee are given below;

Name of the Director	No. of Meetings	No. of Meetings attended
Mr. S Krishnamurthy	5	5
Mr. M C Mohan	5	1
Ms. Katharin Zimpel Vangal *	5	5
Dr. K Rajagopalan	5	4

* Attended by Alternate Director Mr. Anand Subramanian

4. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE

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

Composition and Attendance

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

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

During this period under review, the Company has received 18 queries and 14 complaints from the shareholders which were attended to/resolved satisfactorily. There were no pending complaints and share transfers as on 31st March 2011. The Minutes of the Share Transfer Committee were noted by the Board at the subsequent Board Meetings.

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

5. CORPORATE GOVERNANCE COMMITTEE

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

6. REMUNERATION COMMITTEE

The Remuneration Committee of the Board consists of 2 Directors viz. Mr. Ramesh Vangal and Mr. S Krishnamurthy. Terms of reference of the Remuneration Committee are in accordance with the guidelines set out in the Listing Agreement entered into with Stock Exchanges that interalia includes determination of the Company's policies on specific remuneration packages for Executive Directors. The Committee reviews from time to time the payments made to Executive Directors and the Board confirms the same.

Remuneration to Directors

The Non-Executive Independent Directors are being paid sitting fees of ₹15000/- for every Board Meeting attended by them and sitting fees of ₹10000/- for every Committee Meeting except the Meeting of the Shareholders/Investors' Grievances Committee, fees of which is ₹5000/-.

The details of the remuneration package/sitting fees provided to the Directors during the financial year 2010-11 is as follows:

Executive Directors

Name	Basic Salary	Special Allowance & HRA	Contribution to Statutory funds	Total ₹
Dr. K Anilkumar, Executive Director	15,00,000	12,48,000	2,52,000	30,00,000

Non Executive Directors

Name	No. of Board Meetings attended	No. of Committee Meetings attended	Amount of Sitting Fees paid (₹)
Mr. Ramesh Vangal	5	0	0
Mr. Ronald George Pearce (Independent Director)	1	0	0
Dr. K Rajagopalan (Independent Director)	4	4	1,00,000
Mr. S Krishnamurthy (Independent Director)	6	5	1,40,000
Mr. M C Mohan (Independent Director)	2	1	0
Ms. Katharin Zimpel Vangal	0	0	0
Mr. A T Jacob	6	12	0
Mr. Anand Subramanian	6	6	0

Details of shares of the Company held by Directors of the Company as on 31st March 2011 are given below:

Name	No. of Shares	% to Paid up Capital
Dr. K Anilkumar	3,34,025	3.16

7. GENERAL BODY MEETINGS

a) Annual General Meetings

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

Financial Year	Day & Date	Time	Venue	No. of Special resolutions passed at AGM
2007-08	Monday September 29, 2008	11.30 A.M.	Hotel Cochin Durbar, Opposite Cochin International Airport, Nedumbassery, Cochin	Nil
2008-09	Wednesday September 30, 2009	11.30 A.M.	Green Park Auditorium, N H 47, Desom, Aluva	1
2009-10	Thursday, September 30, 2010	11.30 A.M.	Green Park Auditorium, N H 47, Desom, Aluva	Nil

b) Special Resolutions passed at last 3 AGMs

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

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

c) Postal Ballot:

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

8. DISCLOSURES

- The details of transactions of material nature with its Promoters, Directors or the Management or their subsidiaries or their relatives during the year have been disclosed in notes to Accounts forming part of this Annual report. There was no instance of non-compliance.
- No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets.
- As per Clause 49(V) of the Listing Agreement, the Executive Director and CFO of the company has certified to the Board on their review of financial statements and cash flow statements for the financial year ended 31st March 2011 in the form prescribed by Clause 49 of the Listing Agreement.
- No penalty levied by Customs and Central Excise.
- As required under clause 49 of the Listing Agreement entered into with the Stock Exchanges, the Directors and the Senior Management have confirmed compliance with the CODE OF CONDUCT & ETHICS for the financial year ended 31st March 2011.
- The Company at present has not adopted any Whistle Blower Policy. However, any employee would have access to meet senior level management and report on any points of concern.
- The Company and its subsidiaries are part of Katra Group. As these companies exercise control over the Company, they constitute the group as defined under Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with section 2(e) of the Monopolies and Restrictive Trade Practices Act, 1969. The group companies are as follows:

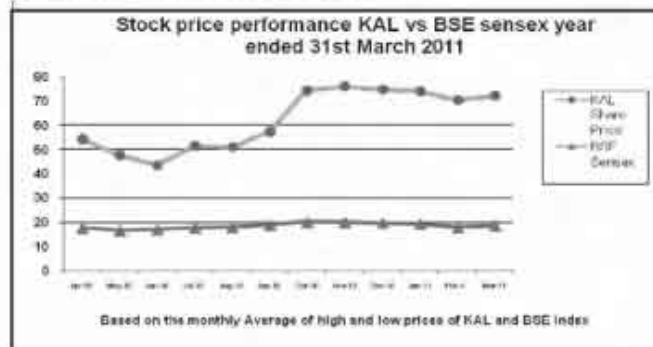
Arudrama Developments Pvt. Ltd.	Katra Phytochem India Pvt. Ltd.
Global AgriSystem Pvt. Ltd. & Its subsidiaries	Katra Marine Pvt Ltd.
Katra Holding Pvt. Ltd.	Segrow Bio-Technics India Pvt. Ltd.
Mason & Summers Alcobev Pvt. Ltd & Its subsidiaries.	Mason & Summers Leisure Pvt. Ltd

9. MEANS OF COMMUNICATION

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

10. GENERAL SHAREHOLDER INFORMATION:

- i) **Annual General Meeting**
 - Day, Date and Time - Wednesday, 28th Sept. 2011
 - Venue - Green Park Auditorium, NH47, Desom, Aluva - 683103
- ii) **Financial year** - 1st April to 31st March 2011
- iii) **Financial Reporting for the Quarter**
(Calendar Tentative & Subject to change)
 - 1st quarter ending 30th June 2011 - August 2011 (2nd Week)
 - 2nd quarter ending 30th September 2011 - November 2011 (2nd Week)
 - 3rd quarter ending 31st December 2010 - February 2011 (2nd Week)
 - 4th quarter ending 31st March 2011 - May 2012 (2nd Week)
- iv) **Date of Book Closure** - 22nd September to 28th Sept 2011
(Both days are inclusive)
- v) **Dividend payment date** - No dividend has been recommended by the Board
- vi) **Listing on Stock Exchanges:**
The equity shares of the Company are listed on following Stock Exchanges:
 - a) Bombay Stock Exchange (Stock code : 530163)
 - b) Cochin Stock Exchange (Stock Code: KAM)
- vii) **Annual Listing Fees:**
Annual Listing Fees for the financial year 2010-11 to BSE & CSE has been paid.
CIN No. of the company: **L24233KL1992PLC006592**
- viii) **Stock Price performance: KAL vs. BSE Sensex.**



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

Months	High	Low	Months	High	Low
April-10	60.00	48.55	Oct-10	91.75	57.00
May-10	55.35	40.00	Nov-10	89.00	63.00
June-10	46.85	40.30	Dec-10	86.90	62.70
July-10	61.50	41.50	Jan-11	82.10	66.00
Aug-10	54.95	47.00	Feb-11	82.00	59.00
Sept-10	65.40	49.50	Mar-11	83.60	61.00

x) Registrar & Share Transfer Agents:

M/s. 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. Share holders/ Investors/Depository Participants are requested to send all their documents and communications pertaining to both physical and demat shares to the Registrar at the following address:

M/s. Integrated Enterprises (India) Ltd.,
Kences Towers 2nd Floor, No.1 Ramakrishna Street
Off North Usman Road, T Nagar, Chennai 600017
Ph: 044-28140801-03 Fax : 044-28142479
E-mail : corpseiv@iepindia.com

xii) Share Transfer System:

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

xii) Distribution of Share holding as on 31.03.2011

Sl No.	Nominal value of shares (in Rupees)		No of Holders	% to total Holders	Total face value of shares (in ₹)	% to total face value
	From	To				
1	10	5,000	6737	91.57	6465420	6.13
2	5,001	10,000	280	3.81	2161950	2.05
3	10,001	20,000	159	2.16	2433800	2.31
4	20,001	30,000	50	0.68	1261810	1.20
5	30,001	40,000	22	0.30	823830	0.78
6	40,001	50,000	23	0.31	1065370	1.01
7	50,001	1,00,000	36	0.49	2768720	2.62
8	Above	1,00,000	50	0.68	88575800	83.91
	Total		7357	100.00	105556700	100.00

xiii) Shareholders Profile as on 31.03.2011

Sl	Category	Holders	Holders %	No. of Shares	Shares %
1	Clearing Members	43	0.58	59068	0.56
2	Corporate Bodies	130	1.77	580043	5.50
3	Individuals	7124	96.83	2746338	26.02
4	Mutual Fund	1	0.01	2976	0.03
5	NRI/Foreign Nationals	58	0.79	673810	6.38
6	Promoter	1	0.01	6493435	61.52
	Total	7357	100	10555670	100

(xiv) Global Depository Receipts etc.

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

(xv) Dematerialisation of shares

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

The paid-up capital of your Company as on 31st March 2011 is ₹. 10,55,56,700/- consisting of 10555670 shares of ₹.10 each which were listed on BSE and CSE. Out of the total number of listed shares, 8893011 shares forming 84.25% and 711222 shares forming 6.74% stand dematerialized in NSDL and CDSL respectively and remaining 951437 shares form 9.01%

(stands in physical form as on same date. The Company has established connectivity with both the Depositories through our Registrars, Integrated Enterprises (India) Ltd.

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

(xvi) Plant Location

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

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

(xvii) Address for correspondence

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

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

11. NON-MANDATORY REQUIREMENTS

- 1) The Corporate office of the Company supports the Chairman in discharging his responsibilities.
- 2) The company has setup a Remuneration Committee of the Board and the details of the same have already been given above.
- 3) As the Company publishes the quarterly financial results in English Newspaper having circulation all over India and in vernacular Newspaper, the same are not sent to each shareholder.
- 4) The Company did not have any qualifications in the Auditors Report for the financial year 2010-11. The Company continues to adopt best practices to ensure regime of unqualified financial statements.
- 5) The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavor to keep themselves abreast with changes in global economy and various legislations.
- 6) The Company does not have a mechanism to evaluate the performance of the Non-Executive Directors of the Company.

On behalf of the Board of Directors

Place : Bangalore
Date : 12/08/2011

Ramesh Vangal
Chairman

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

To,
The Members of
Kerala Ayurveda Ltd.,
In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement entered into with the Stock Exchanges, all Directors and the Senior Management have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2011.

For Kerala Ayurveda Ltd.

Place: Bangalore
Date : 12/08/2011

Dr. K.Anilkumar
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

WORLD ECONOMIC SCENARIO

After a year of fragile and uneven recovery, global economic growth started to decelerate on a broad front in mid-2010. The slowdown is expected to continue into 2011 and 2012. The United Nations baseline forecast for the growth of world gross product (WGP) is 3.1 per cent for 2011 and 3.5 per cent for 2012, which is below the 3.6 per cent estimated for 2010 and the pre-crisis pace of global growth.

Developing countries continue to drive the global recovery, but their output growth is also expected to moderate to 6.0 per cent on average during 2011-2012, down from 7.1 per cent in 2010. Developing Asia, led by China and India, continues to show the strongest growth performance, but GDP growth in these two new economic giants is expected to experience some moderation in 2011 and 2012.

INDIA ECONOMIC SCENARIO

India maintained its growth momentum on the foundation of relatively strong fundamentals of the economy. The year saw one of the highest rates of repo rates and reverse repo rates to curb inflation. However, strong domestic consumption and buoyant exports enabled GDP to grow by around 8.5% during 2010-11.

The cumulative amount of FDI equity inflows from April 2000 to February 2011 stood at US\$ 193.7 billion. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012.

India's total exports in goods for 2010-11 reached US\$ 245.29 billion, registering 37.5 per cent growth against US\$ 178.75 billion in 2009-10. The Ministry of Commerce and Industry has now set a target of achieving US\$ 500-billion exports by 2013-14 by strategising the country's foreign trade through diversification of products, markets & technological enhancement.

AYURVEDA INDUSTRY

There has been a shift in universal trend from synthetic to herbal medicine recently. The annual turnover of the Indian herbal medicinal industry is estimated as ₹. 7,500 crore as against the pharmaceutical industry's turnover of ₹. 14,500 crore with a growth rate of more than 15 percent. The global herbal industry is estimated to grow to ₹. 70,000 crore by 2015, more than double from the current level of ₹. 30,000 crore. The government of India has been playing a active role in developing the sector which is likely to witness brighter times ahead.

Foreign Tourist Arrivals (FTAs) during the period January-April 2011 were 2.15 million with a growth of 12.3 per cent. According to the report "Booming Medical Tourism in India", medical tourism in India has emerged as the fastest growing segment of the tourism industry, despite the global economic downturn. Several factors such as, low cost, government support, and high private investments have contributed to a remarkable growth in the medical tourism market. The market is expected to grow at a CAGR of around 26% during 2011-2013. A portion of these tourists may be looking for Ayurveda/Herbal treatments.

BUSINESS REVIEW

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

OPPORTUNITIES

There is a revival and renewal of global interest in traditional medicine. World demand for herbal product is increasing at rate of 10-15%. The huge potential for increased revenue generation both in the export as well as in the domestic sector is really very encouraging.

THREATS

The infrastructure in the Indian system of medicine is below optimum level and about 70% of Herbal plant collection is from wild source. Fluctuating market prices of raw materials and unexpected climatic fluctuations also play a great role. The increased opportunity has led to heightened competition amongst exiting players and there are many new companies entering this line of business. However your company has necessary tradition, authenticity and expertise to devise suitable strategies to face the competition and realize our goals.

SEGMENTWISE PERFORMANCE

AYURVEDA BUSINESS:

Ayurveda business being the main business segment of your company registered total revenue of ₹.1728 Lacs as against ₹.1590 Lacs in the corresponding previous financial year. During the year company has started a depot at Delhi for distributing products in northern market and also setup new treatment centers at various locations. The ratio of proprietary products sales to classical products have improved during the year. In order to improve the efficiency, the company has reorganized its plant and also added few new machinery.

The company's one year para medical certificate course for Ayurveda Therapy, duly recognized by the Government of Kerala, is scheduled to begin at its Academy at Aluva shortly.

HEALTHCARE SERVICES BUSINESS

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

CHALLENGES AND RISKS

Shortage of Raw materials, lowering of standards in the products, adulteration in the raw material, unhealthy growth of fake massage parlours, low entry barriers are the main challenges faced by the Ayurveda Industry. These challenges needs to be addressed by 1) promoting cultivation of medicinal plants, 2) taking initiative for high quality hospital chains, 3) imparting training for soft skill development for doctors and paramedical staff.

FUTURE OUTLOOK

Banaras Hindu University ('BHU') entered into MOU with Kerala Ayurveda Ltd under Public-Private Partnership ('PPP') Model to pursue research related projects. A Memorandum of Understanding has been signed with Tata Global Beverages Limited, with the intention of exploring the opportunity of formation of a Joint Venture for Product Development.

HUMAN RESOURCE DEVELOPMENT

Keeping in view the present and future capacity and capability needs of the organisation, it has always been your company's endeavour to create an environment of learning and self development and utilize their full potential to achieve their aspirations and organisational objectives. KAL has a well structured and professional HR department entrusted with training and motivating of the employees of the Company. An ideal Industrial relation climate has been created throughout the year by maintaining cordial relationship between management and trade unions in the company facilitating good team spirit and high productivity

RESEARCH AND DEVELOPMENT

The company developed two new products to enrich its range namely – Resigest tablet for respiratory tract infections & Dgest capsule for IBS (Irritable bowel syndrome). New analytical tools were introduced for invitro product evaluation to ensure antioxidant activity and Vitamin-C content. Collaborative activities with various institutions resulted in clinical trials with herbal medicines based on folklore knowledge in line with the ethical guidelines issued by ICMR. We have an in-house R&D lab, which has been recognised by the Dept. of Scientific & Industrial Research, Govt. of India. The company has entered into a MOU with Banaras Hindu University under PPP model under which various activities are planned on research and clinical trials.

INTERNAL CONTROL SYSTEM

The company has in place adequate Internal Controls and procedures commensurate with size and nature of its business. The company has a System to ensure proper utilization of funds, safeguarding of assets against unauthorized use or disposition, true and fair reporting and compliance with all regulatory laws and company policies. Internal auditors regularly check the adequacy and effectiveness of internal control system and compliances of various procedures and policies of the company's plant, branches etc. The recommendations made by the internal auditors in respect of operational and financial management is used to formulate management policies and risk management procedures.

CAUTIONARY STATEMENT

The statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be treated as 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic environments, exchange rate fluctuations, Government regulation etc.

AUDITORS' REPORT

To
The Members of
KERALA AYURVEDA LIMITED,

1. We have audited the attached Balance Sheet of KERALA AYURVEDA LIMITED as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed there to. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit,
 - b) In our opinion, proper books of account, as required by law have been kept by the company so far as appears from our examination of those books,
 - c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956,
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of the company's affairs as at 31st March 2011;
 - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - ii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Kochi
Date : 12/08/2011

Mathew Joseph, Partner
Membership No.22658

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

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

- IIX. According to the records of the company, the company was regular in depositing the Provident Fund dues and Employees State Insurance dues with the appropriate authorities. Based on our audit procedures and according to the information and explanations given to us there are no arrears of statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service tax, Cess and other statutory dues applicable to it which have been remained outstanding as at 31st March, 2011 for a period of more than six months from the date they become payable.
- X. The company's accumulated loss at the end of the financial year is less than 50% of its net worth. The company has not incurred cash loss during the year covered by our audit and during the immediately preceding financial year.
- XI. The company has not defaulted in repayment of dues to financial institutions or banks. The company has no debenture holders.
- XII. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- XIV. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- XV. In our opinion and according to the information and explanations given to us the terms and conditions on which the company has given guarantee for loans taken by subsidiary company from banks and other guaranties are not prima-facie prejudicial to the interest of the company.
- XVI. The company did not have any term loans outstanding during the year.
- XVII. According to the information and explanations given to us, the funds raised on short-term basis during the year have not been used for long-term investment.
- XVIII. The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- XIX. The company has not issued any debentures and therefore the provisions of clause 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- XX. During the period covered by our audit report, the company has not raised any money by public issue.
- XXI. Based upon the audit procedures performed and according to the information and explanations given and representations made by the management, we report that no fraud on or by the company has been noticed or reported during the year.

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

Place : Kochi
Date : 12/08/2011

Mathew Joseph, Partner
Membership No.22658

KERALA AYURVEDA LIMITED
BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	SCHEDULE	31-03-11	31-03-10
		Rupees	Rupees
I SOURCES OF FUNDS			
1) Shareholders Funds			
Share Capital	A	105,556,700	105,556,700
Warrant Application Money		1,494	1,494
Share Warrant Application Money Forfeited		1,431,000	1,431,000
Reserves and Surplus	B	119,423,855	119,423,855
2) Loan Funds			
Secured Loans	C	48,043,229	48,829,782
Unsecured Loans	D	488,802,481	398,216,369
TOTAL		763,258,759	673,459,200
II APPLICATION OF FUNDS			
1) Fixed Assets	E		
Gross Block		194,746,722	240,032,638
Less Depreciation		55,439,135	51,421,843
Net Block		139,306,587	188,610,795
Capital Work In Progress			6,077,500
2) Investments	F	114,103,535	113,803,535
3) Deferred Tax Assets		36,850,941	42,736,042
4) Current Assets, Loans & Advances			
Inventories	G	61,204,260	61,012,992
Sundry Debtors	H	47,977,098	48,770,505
Cash & Bank balances	I	35,223,090	6,771,750
Loans & Advances	J	308,605,170	175,044,776
		453,009,608	291,600,023
Less: Current Liabilities & Provisions	K	94,287,654	102,186,231
Net Current Assets		358,721,954	189,413,792
5) Miscellaneous Expenditure (To the extent not Written off or adjusted)	L	3,532,066	7,953,732
6) Profit & Loss account	M	110,743,676	24,863,804
TOTAL		763,258,759	673,459,200
Significant Accounting Policies & Notes to Account	X		

This is the Balance Sheet referred to in our report of even date

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

For KERALA AYURVEDA LIMITED,

MATHEW JOSEPH
Partner
Membership No. 22658

Dr. K ANILKUMAR
Executive Director

BANGALORE
12/08/2011

K RAGHUNADHAN
Company Secretary

A T JACOB
Director

KERALA AYURVEDA LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	SCHEDULE	2010-11	2009-10
		Rupees	Rupees
INCOME			
Sale of Products & Services	N	206,848,513	210,633,585
Less: Excise Duty & VAT		9,673,348	8,105,351
Sale of Products & Services (Net of Taxes)		197,175,165	202,528,234
Other Income	O	2,357,742	2,423,641
NET INCOME		199,532,907	204,951,875
EXPENDITURE			
(Increase)/Decrease in Stocks	P	690,873	5,390,364
Raw Materials & Packing Materials Consumed	Q	49,015,599	41,540,709
Cost of Sales		13,163,151	31,954,454
Manufacturing Expenses	R	14,788,106	11,819,027
Staff Cost	S	69,591,800	63,939,276
Administrative Expenses	T	25,702,717	20,227,012
Selling & Distribution Expenses	U	20,459,421	21,617,300
PROFIT BEFORE INT., DEP, TAX & EXCEPTIONAL ITEMS		6,121,140	8,463,732
Less: Finance Charges	V	7,469,034	14,858,763
Less: Depreciation	E	5,491,185	5,858,038
Less: Miscellaneous Expenses Written off	W	4,421,666	5,553,504
Less: Amortisation of Goodwill on Merger & Software	E	12,249,874	14,091,912
PROFIT BEFORE TAX & EXCEPTIONAL ITEMS		(23,510,619)	(31,898,485)
Add: Exceptional Items (Refer Note B (b) & (c) in Sch X)		43,515,849	10,333,074
Profit/(Loss) Before Taxes		20,005,230	(21,565,411)
Less: Provision for Tax Current		NIL	NIL
Less: Provision for Deferred Tax Liability/(Assets)		5,885,101	(5,245,870)
Profit/(Loss) after Taxation		14,120,129	(16,319,541)
Add: Loss Brought forward from Previous year		(124,863,804)	(108,544,283)
Balance carried to Balance Sheet	M	(110,743,876)	(124,863,804)
Earnings per share (₹) Basic & Diluted-Before Exceptional Items		-2.78	-2.52
Earnings per share (₹) Basic & Diluted-After Exceptional Items (Face value of ₹10 per Share)		1.34	-1.55
Significant Accounting Policies & Notes to Account	X		

This is the Profit and Loss Account referred to in our report of even date

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

For KERALA AYURVEDA LIMITED,

MATHEW JOSEPH
Partner
Membership No. 22658

Dr. K ANILKUMAR
Executive Director

BANGALORE
12-08-2011

K RAGHUNADHAN
Company Secretary

A T JACOB
Director

KERALA AYURVEDA LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	31-03-11	31-03-10
	Rupees	Rupees
SCHEDULE A : SHARE CAPITAL		
Authorised:		
120,00,000 Equity Shares of ₹.10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid up		
105,55,670 Equity Shares of ₹.10/- each fully paid up	105,556,700	105,556,700
Notes: of the above		
1. 48,13,602 Shares were issued as fully paid up for consideration other than cash		
2. Promoters hold 64,93,435 Shares through their Holding Company M/s Katra Holdings Limited, Mauritius.		
	105,556,700	105,556,700
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve	3,110,879	3,110,879
Share Premium	114,514,976	114,514,976
General reserve	1,798,000	1,798,000
	119,423,855	119,423,855
SCHEDULE C : SECURED LOANS		
AXIS Bank-OCC	48,043,229	48,829,782
(Overdraft Facilities for meeting working capital (WC) needs of the company taken from AXIS Bank, are secured against mortgage of Company's Inventory, Book Debts & other current assets and against second charge by mortgage of land belonging to one of the Director and personal guarantee of that director)		
	48,043,229	48,829,782
SCHEDULE D : UNSECURED LOANS		
From Share Holders	70,183	70,183
From Group Companies	488,347,463	398,146,186
Vehicle Loan	384,835	
	488,802,481	398,216,369

KERALA AYURVEDA LIMITED

SCHEDULE E : FIXED ASSETS- FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2011 (₹)

Particulars	Dep. rate	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at 01.04.2010	Addition	Deductions	Amortisation	As at 31.03.2011	Up to 31.03.2010	For the Year	Deduction	Up to 31.03.2011	As At 31.03.2011	As At 31.03.2010
1 Land & Development		98,350,294	187,802	17,082,164	-	79,455,932	-	-	-	-	79,455,932	98,350,294
2 Building	3.94%	36,445,814	2,821,833	1,856,192	-	37,189,089	14,121,949	1,215,440	602,598	14,734,802	22,454,287	22,323,866
3 Plant and Machinery	4.75%	31,515,352	1,950,426	403,168	-	33,063,571	14,406,939	1,118,732	182,811	15,380,859	17,702,712	17,108,414
4 Electrical Fittings	4.75%	4,070,458	150,730	100,000	-	4,070,789	2,163,835	182,153	83,540	2,292,448	1,778,342	1,908,828
5 Furniture & Fixtures	8.35%	21,811,198	1,310,773	126,250	-	22,182,600	9,322,712	1,381,466	22,477	10,681,700	11,500,900	12,389,487
6 Office Equipments	16.21%	7,136,043	53,540	-	-	8,103,643	6,912,417	423,876	-	7,336,033	787,550	223,827
7 Computer & Accessories	16.21%	6,712,028	196,290	-	-	6,910,704	3,534,602	1,072,463	-	4,807,094	2,303,639	3,177,424
8 Vehicles	7.07%	1,891,149	583,437	1,174,036	-	1,326,936	959,391	89,255	622,477	426,189	900,768	931,757
9 Misc. Fixed Assets	-	2,634,117	29,025	220,675	-	2,442,467	-	-	-	-	2,442,467	2,634,117
10 Goodwill on Merger	20%	8,720,868	-	-	8,720,868	-	-	-	-	-	-	8,720,867
11 Software	20%	24,845,319	-	19,116,313	5,529,006	-	-	-	-	-	-	24,845,319
Total	-	240,092,838	7,043,758	40,080,788	12,249,874	194,745,722	51,421,843	5,481,185	1,473,893	55,439,135	139,306,587	188,816,795
Capital WIP	-	6,077,500	-	6,077,500	-	-	-	-	-	-	-	6,077,500
Grand Total	-	246,110,138	7,043,758	46,158,288	12,249,874	194,745,722	51,421,843	5,481,185	1,473,893	55,439,135	139,306,587	194,894,295
Previous year figures	-	214,378,246	61,364,876	15,501,172	14,091,912	246,110,138	46,078,051	5,858,038	514,246	51,421,843	194,588,285	168,300,195

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

PARTICULARS	31-03-11 Rupees	31-03-10 Rupees
SCHEDULE F : INVESTMENTS		
<i>In Subsidiary Companies (Non Trade)</i>		
18,65,000 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 Ayu Natural Medicines Clinic, PS-USA	21,516,252	21,516,252
100 Common stock of no par value in Ayurvedic Academy Inc.-USA	27,242,710	27,242,710
100 Common stock of no par value in Ayu Inc.-USA	5,620	5,620
817 Common stock of USD 1 par value in CMS Katra Holdings LLC-USA	34,853	34,853
1 Equity Shares of 1 Singapore Dollar in Nutraveda Pta Ltd- Singapore	-	-
<i>Non Trade Quoted</i>		
500 equity shares of ₹. 10 each fully paid up in Canara Bank Limited - Market Value ₹. 626.15 per share (Previous Year ₹. 410.35 per share)	17,500	17,500
<i>Non Trade Unquoted</i>		
100 Equity Shares (Previous year 70 Share) of ₹.10,000/- each in Confederation for Ayurvedic Renaissance Keralam Pvt. Ltd.	1,000,000	700,000
	114,103,535	113,803,535
SCHEDULE G : INVENTORIES		
<i>(As taken, valued & Certified by Management)</i>		
Finished Goods	42,381,417	41,938,887
Furnace Oil	103,312	39,433
Packing Material	3,167,251	2,946,834
Raw Material	6,772,491	6,115,967
Stores & Spares	54,110	112,699
Work in Progress	8,725,669	9,859,172
	61,204,250	61,012,992
SCHEDULE H : SUNDRY DEBTORS		
Debts outstanding for more than 6 months	23,006,233	33,098,668
Other debts	24,968,885	15,671,837
Debts considered good in respect of which the company hold no security other than Debtors personal security ₹.4,79,77,098 (₹.4,87,70,505)		
Debts considered doubtful or bad ₹.3,98,963 (₹.3,98,963)		
Debts due by Subsidiary Companies ₹. 16,63,840 (₹.39,49,425)		
	47,977,098	48,770,505
SCHEDULE I : CASH AND BANK BALANCES		
Cash in Hand (As certified by Management)	572,546	666,779
Cheque In Hand	25,200,000	-
Balance with Scheduled banks:- In Current accounts	6,917,854	4,761,843
In Deposit accounts	2,532,690	1,343,327
	35,223,090	6,771,749

PARTICULARS	31-03-11 Rupees	31-03-10 Rupees
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured considered good and recoverable in cash or in kind or for value to be received)		
Deposits with Govt. Authorities	765,185	734,395
Deposits with others	5,806,611	5,594,162
Income Tax advance	1,309,157	1,298,887
Advance for Purchase	271,239	237,104
Loans to Subsidiary	220,499,079	120,900,643
Advance for Land Purchase	-	310
Other Advances	44,329,523	10,913,729
Other Current Assets	40,699	40,699
Prepaid expense	7,858	16,735
Prepaid Insurance	57,245	59,399
Project-Cosmeceuticals	351,780	351,300
Project-Suveda WIP	331,051	-
Project Ojus-WIP	2,445,889	2,507,359
WIP (Nurse Training)	32,390,054	32,390,054
	308,605,170	175,044,776
SCHEDULE K : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors- Mfgs.	14,451,794	13,030,898
Sundry creditors- Others	5,457,092	8,264,936
Deposits from others	1,387,500	1,234,500
Advances from Customers	1,084,311	527,925
Privilege Leave Encashment Payable	1,228,500	500,000
Other liabilities	62,201,961	61,444,133
	85,811,158	85,002,392
PROVISIONS		
Provision for Gratuity	5,917,887	5,283,839
Provision for Others	2,558,609	11,900,000
	8,476,496	17,183,839
	94,287,654	102,186,231
SCHEDULE L : MISCELLANEOUS EXPENDITURE		
Deferred Amalgamation Expenditures	235,208	1,376,108
Deffered Sales Promotion Exp.	-	741,242
Deffered Expenditure- Brand Design	3,256,866	5,535,354
Deffered Expenditure-R&D	-	190,752
Preliminary Expenses	39,992	110,276
	3,532,066	7,953,732
SCHEDULE M : PROFIT & LOSS ACCOUNT		
Opening balance	124,863,804	108,544,263
Add: Loss during the year	(14,120,129)	16,319,541
Closing Balance	110,743,676	124,863,804

KERALA AYURVEDA LIMITED

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	2010-11 Rupees	2009-10 Rupees
SCHEDULE N : SALE OF PRODUCTS AND SERVICES		
Sale of Products	154,818,658	141,076,332
Treatment Income	20,430,856	19,571,041
Research Consultancy	26,417,875	45,840,664
Registration Fees	2,050,170	1,923,232
Training Income	3,131,154	2,222,316
	206,848,513	210,633,585
SCHEDULE O : OTHER INCOME		
Sale of Scrap	61,127	106,013
Miscellaneous Receipts	2,030,512	2,214,167
Interest Received	135,423	103,461
Forex Fluctuation gain	130,680	-
	2,357,742	2,423,641
SCHEDULE P : (INCREASE)/DECREASE IN STOCKS		
Closing Stock:-		
Finished Goods	42,381,417	41,938,887
Work In Progress	8,725,669	9,859,172
	(A) 51,107,086	51,798,059
Less: Opening Stock:-		
Finished Goods	41,938,887	44,106,389
Work In Progress	9,859,172	13,082,034
	(B) 51,798,059	57,188,423
(Increase)/Decrease (B-A)	690,973	5,390,364
SCHEDULE Q : MATERIALS CONSUMED		
Raw materials (RM)		
Opening Stock-Raw Material	6,115,967	7,382,201
Add: Purchase - Raw Material	38,502,945	29,460,259
	44,618,912	36,842,460
Less: Closing Stock	6,772,491	6,115,967
RM Consumption (A)	37,846,421	30,726,493
Packing Material (PM)		
Opening Stock-Packing Material	2,946,834	3,183,441
Add: Purchase - Packing Material	11,389,595	10,577,609
	14,336,429	13,761,050
Less: Closing Stock	3,167,251	2,946,834
PM Consumption (B)	11,169,178	10,814,216
Material consumed (A+B)	49,015,599	41,540,709
SCHEDULE R : MANUFACTURING EXPENSES		
Fuel Consumed	6,062,402	4,728,284
Electricity charges	1,014,667	956,544
Repairs to Plant & Machinery	867,806	866,285
Repairs to Building	155,014	109,989
Other Manufacturing Expenses	3,590,740	2,430,265
Cultivation Expenses	151,106	242,103
Treatment Expenses	3,146,571	2,685,557
	14,788,106	11,819,027

PARTICULARS	2010-11 Rupees	2009-10 Rupees
SCHEDULE S : STAFF COST (INCLUDING MANAGERIAL REMUNERATION)		
Salaries, Wages & Bonus	62,718,805	57,565,609
Provident Fund and Other Funds	4,444,779	4,400,041
Workmen and Staff Welfare Expenses	2,428,216	1,973,626
	69,591,800	63,939,276
SCHEDULE T : ADMINISTRATIVE EXPENSES		
Rent	6,591,630	5,882,163
Rates and Taxes	621,718	952,838
Legal & Professional charges	724,521	242,688
Directors Expenses	16,000	11,000
Directors Sitting Fee	240,000	255,000
Research and Development Expenses	581,163	130,225
Loss on sale of fixed Asset	403,947	-
Auditors remuneration	90,000	90,000
Vehicle Maintenance	97,365	85,144
Insurance	88,257	76,988
Travelling -Others	1,716,363	807,975
Founders Day Expenses	572,293	35,959
Electricity charges	1,028,810	953,467
Printing & Stationery	1,318,709	1,354,626
Postage & Telephone	1,801,522	1,456,138
Secretarial Expenses	733,425	628,003
Repairs & Maintenance- Branch assets	1,011,606	1,285,668
Other Administrative Expenses	8,065,388	6,179,130
	25,702,717	20,227,012
SCHEDULE U : SELLING & DISTRIBUTION EXPENSES		
Travelling -Sales Staff	8,995,189	9,578,191
Advertisements	1,228,920	582,908
Training Expenses	310,147	256,218
Other Selling & Distribution Expenses	9,925,165	11,199,983
	20,469,421	21,617,300
SCHEDULE V : FINANCE CHARGES		
Interest to Bank - Term Loan	-	6,796,580
Interest to Bank - WC Loan	6,788,346	6,304,525
Interest to Others	52,589	360,757
Bank Charges	630,099	1,396,801
	7,469,034	14,858,763
SCHEDULE W : MISCELLANEOUS EXPENDITURE W/OFF		
Deffered Sales Promotion Expenditure	3,019,730	4,098,864
Amalgamation Expense	1,140,900	1,140,900
Preliminary Expenses W/Off	70,284	70,284
Deffered R&D Expense W/Off	190,752	243,456
	4,421,666	5,553,504

KERALA AYURVEDA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

Particulars	2010-11 Rupees	2009-10 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Interest	27,474,264	(6,688,176)
Adjustment for:		
Depreciation	5,491,185	5,858,038
Interest Received	(135,423)	(103,462)
Dividend Received	(5,000)	(4,000)
Good will written Off	6,720,868	6,720,864
Miscellaneous Expenditure & Deferred Exp W /off	4,421,666	5,553,504
Ammortisation of Software	5,529,006	7,371,048
Long term capital gain on sale of land & Software Rights	(43,515,849)	(10,333,074)
Profit/Loss on sale of fixed assets	373,439	-
Operating profit before working capital changes	6,354,156	8,374,742
Adjustments for:		
Trade receivables	793,407	4,613,798
Other Receivables	(33,767,642)	43,261,066
Inventories	(191,258)	7,051,182
Work In Progress- Nursing Business		(1,412,910)
Work In Progress-Research project	(269,681)	4,503,404
Current Liabilities & Provisions	(7,898,577)	6,366,323
Cash generated from operations	(34,979,495)	72,759,605
Direct taxes paid		(18,472)
Net cash from operating activities A	(34,979,495)	72,741,133
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(7,043,756)	(61,324,976)
Sale of fixed assets	67,826,815	25,320,000
Investments	(300,000)	(200,000)
Loans to Subsidiaries	(99,598,436)	(104,256,965)
Advance from purchase of properties		49,500,000
Dividend Received	5,000	4,000
Interest Received	135,423	103,462
Net cash used in Investing activities B	(18,974,954)	(90,854,480)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Unsecured Loans	90,661,377	112,070,749
Increase in Secured Loans	(786,553)	(76,741,298)
Interest paid	(7,469,035)	(14,858,763)
Net cash from financing activities C	82,405,789	20,470,688
Net cash flows during the year (A+B+C)	28,451,340	2,357,342
CASH & CASH EQUIVALENTS		
Opening balance	6,771,750	4,414,408
Closing balance	35,223,090	6,771,750
Net increase/(Decrease) in Cash & Cash Equivalents	28,451,340	2,357,342

This is the Cash Flow statement referred to in our report of even date

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

For KERALA AYURVEDA LIMITED,

MATHEW JOSEPH
Partner
Membership No. 22658

Dr. K ANILKUMAR
Executive Director

BANGALORE
12-08-2011

K RAGHUNADHAN
Company Secretary

A T JACOB
Director

SCHEDULE – X : NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF ACCOUNTS

1. **Basis for preparation of financial statements and method of accounting**
The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with policies generally accepted in India including Accounting Standards issued by the Institute of Chartered Accountants of India.
2. **Use of estimates**
The preparation of the financial statements in conformity with the accounting standards generally accepted in India requires the management to make estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.
3. **Fixed Assets**
 - a) Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.
 - b) Depreciation is charged on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956.
 - c) In respect of software developed internally the cost is amortised over a period of 5 years.
4. **Borrowing costs**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that has necessarily taken substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
5. **Inventories**
Raw materials, consumables and work-in-progress are valued at cost or net realizable value, whichever is lower. Stores and Spares are valued at cost.
6. **Revenue Recognition**
Sales are net of rebate, discount, excise duty and VAT. Treatment income & consulting charges is recognized on completion of each service & consultation and research/healthcare consultancy income is recognized on accrual basis.
7. **Transactions in Foreign Exchange**
Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities at the year end are translated into rupees at the rate of exchange prevailing on the date of balance sheet. All exchange differences are dealt with in the statement of Accounts.
8. **Employee Benefits / Retirement Benefits.**
 - Leave Encashment Benefit accounted on the basis that such benefits is payable to employees at the end of the year.
 - Gratuity Provision is made based on actuarial valuation.
 - Provident Fund contribution is as per the rate prescribed by the related Act.
9. **Miscellaneous Expenditure**
1/5 of the preliminary expenses and initial Advertisement & sales promotion expenditure are written off every year. Goodwill appearing in the Book has been amortized in the ratio 1/5, from 2006-07 onwards.
10. **Research & Development.**
Revenue expenditure on research and development is charged to Profit & Loss account. Capital expenditure on research and development is included as a part of fixed assets and depreciated on the same basis as other fixed assets.
11. **Intangible Assets**
Intangible assets are recognized on the basis of the future economic benefits that will flow to the enterprise. The assets are recorded at the price paid to acquire them. Intangible assets will be written off over a period of their estimated useful lives
12. **Impairment of assets**
Impairment loss if any is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of useful life. During the year the impairment of assets amounting to ₹.987,907/- has been charged to Profit & Loss account under depreciation.
13. **Investments**
Investments are stated at cost less provision for diminution other than temporary in their values.
14. **Earnings Per Share**
The basic and diluted earnings per share (E P S) is computed by dividing the net profit after tax for the year by weighted average number of equity shares outstanding during the year.

15. Provision for Tax

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

B. NOTESTO ACCOUNTS

- a. Loans and Advance includes loan of ₹. 220,499,079/- given to Subsidiary Companies namely, Loan to M/s. Ayurvedagram Heritage Wellness Centre Pvt. Ltd. ₹. 3,300,000/- towards margin money for Term loans and Advance of ₹. 31,750,000/- working capital loan to Ayu Inc., USA ₹. 30,089,702/- Ayurvedic Academy Inc., USA ₹. 74,040,040/- and CMS Katra Holdings LLC, USA ₹. 81,319,337/-.
- b. During the year the company has disposed off balance portion of its land at Poolani at Kerala and idle land at Thally Near Bangalore and the net capital gain of ₹. 8,109,662/- is accounted under exceptional income.
- c. During the year the Company sold its rights relating to part of the software business and the profit derived on sale amounting to ₹. 35,408,187/- has been accounted under exceptional income.
- d. The company has registered the balance land near Cochin International Airport which has been purchased for setting up of a Health resort project to be managed by its subsidiary Company M/s Ayurvedagram Heritage Wellness Centre Pvt. Ltd.
- e. Contingent Liabilities
 - I. Company has given a corporate guarantee of ₹. 60,000,000/- to Axis Bank Ltd., towards the Credit facilities availed by subsidiary company M/s Ayurvedagram Heritage Wellness Centre Pvt. Ltd.
 - II. Company has given a corporate guarantee of ₹. 50,000,000/- to Ratnakar Bank Ltd., towards the Credit facilities availed by subsidiary company M/s Ayurvedagram Heritage Wellness Centre Pvt. Ltd.
 - III. The company has given a bank guarantee of ₹. 1,000,000/- to The Ministry of Indian Affairs, Office of Protector General of Emigrants, New Delhi.
 - IV. The company has given a bank guarantee of ₹. 1,000,000/- to Health & Family Welfare Dept, Government of Kerala towards security deposit for giving permission to start one year para medical certificate course in Ayurveda Therapy.
 - V. The company has given a bank guarantee of ₹. 90,000/- to Commissioner, Delhi Value Added Tax towards VAT registration at Delhi
- f. Sundry Creditors include ₹. 855,603/- (Previous year ₹. 1,406,881/-) due to Small Scale and ancillary industrial undertakings to the extent such parties, have been identified from the available documents/ information. The names of SSI units to whom amounts due for more than 30 days are Chancellor Cartons, J K Plastics, Duropak Industries.
- g. Confirmation letters have been sent to the Debtors and Creditors seeking confirmation of balances, stating that in the absence of any reply the book figure will be taken as confirmed and confirmations have been received in some cases.
- h. The previous year figures have been re-grouped / re-classified wherever necessary.
- i. Taxation
 - 1) Provision for current tax
No provision for taxation has been made as no tax is payable during the year under the provisions of the Income Tax Act 1961
 - 2) Deferred taxation
The status and break up is given below

Deferred Head	Position on 31.03.2010		Current Year		Position as on 31.03.2011	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Depreciation		10,311,416	499,290			9,812,126
Unabsorbed Depreciation	17,105,823				17,105,823	
Unabsorbed Business Loss	34,140,588			6,574,605	27,565,983	
Provision for gratuity	1,801,067		190,214		1,991,281	
	5,30,47,458	10,311,416	689,504	6,574,605	46,663,067	9,812,126
Net	42,736,042			5,885,101	36,860,941	

j. Details of Raw materials consumed.

Item	Unit	2010-11		2009-10	
		Qty	Value (₹.)	Qty	Value (₹.)
Jaggery	MT.	43	1,500,239	48	1,395,615
Ghee	MT.	5	1,267,973	5	1,294,776
Honey	MT.	5	424,525	5	351,199
Sugar	MT.	72	2,052,461	82	2,155,687
Milk	K.Ltr.	63	1,510,858	56	1,165,463
Oil	MT.	80	7,122,177	72	5,438,378
Herbs & Raw drugs			23,968,188		18,925,378
			37,846,421		30,726,494

k. Licensed and Installed capacities and actual production:

Particulars	Unit	Licensed Capacity	Installed Capacity	Production	
				2010-11	2009-10
Kashayam, Arishtam, Oil, Kuzhambu etc.	K.Ltr	NA	672	315	325
Lehyam, Choornam Ghritham etc.	MT	NA	134	56	62
Gulikas	Lakh nos	NA	540	335	306

L. Particulars of turnover and stock.

Particulars	Unit	Quantity		Value ₹		Quantity		Value ₹	
Kashayam, Arishtam		86	21,969,786	62	22849,800	339	79,569,486		
Oil, Kuzhambu etc.	K.Ltr	(70)	(20,659,428)	(86)	(21,969,786)	(309)	(55,792,182)		
Lehyam, Choornam Ghritham etc.	MT	11	4,679,767	8	3,132,801	59	20,256,486		
		(12)	(4,284,578)	(11)	(4,679,767)	(63)	(12,268,520)		
Gulikas	Lakh nos	89	15,289,334	86	16,398,816	338	54,992,706		
		(107)	(19,162,383)	(89)	(15,289,334)	(324)	(73,015,630)		
Total			41,938,887		42,381,417		154,818,658		
			(44,106,389)		(41,938,887)		(141,076,332)		

Previous years figures are given in brackets.

m. Managerial Remuneration. (₹)

Name	Designation		2010-11	2009-10
Dr. K Anilkumar *	Executive Director	Basic	1,500,000	1,523,750
		Special Allowance	848,000	955,222
		HRA	600,000	641,400
		PF contribution	180,000	182,850
		Medical Reimbursement	12,000	7,928
		Leave Travel Allow.	60,000	101,849
Total:			3,000,000	3,412,999

* The remuneration during FY 2010-11 has been paid as permissible by the provisions of the companies act and as approved by the Board of Directors.

	2010-11 (₹)	2009-10 (₹)
n. Earnings in Foreign Exchange:-		
F.O.B Value of Export	8,271,733	6,577,012
Freight and other reimbursements	758,473	501,011
o. Expenditure in foreign currency	404,207	NIL
p. Auditor's Remuneration		
For Audit	60,000	60,000
Tax Audit	30,000	30,000
Out of Pocket Exp	5,600	9,000
Certification & other matters	104,615	41,750
Total	200,215	140,750

q. Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures issued by the Institute of Chartered Accountants of India:

(A) Names of the related party and nature of relationship where control exists:

Sl No	Name of the Company	Nature of Relationship
1	Katra Holdings Limited, Mauritius	Holding Company
2	Ayurvedagram Heritage Wellness Centre Pvt Ltd.*	Subsidiary
3	Ayu Inc, USA	Wholly owned Subsidiary
4	Ayu Natural Medicine Clinic PS, USA	-do-
5	Ayurvedic Academy Inc., USA	-do-
6	Nutraveda Pte Ltd	-do-
7	CMS Katra Holdings LLC, USA	Subsidiary
8	CMS Katra Nursing LLC, USA	Step down Subsidiary

(B). Other Related parties

Sl No	Related Party	Relationship
1	Dr. K Anilkumar	Key Management Personnel
2	Mrs. Sunitha Anilkumar**	Relative of Key Management Personnel
3	Mrs. Chithra Gopinath**	-do-

(C) Companies controlled by Directors/Relatives.

All Seasons Herbs Pvt. Ltd.	Katra Marine Pvt. Ltd.
Arudrama Developments Pvt. Ltd.	Katra Phytochem India Pvt. Ltd.
Asha Medical Foundation Pvt. Ltd.	Mason & Summers Alcobev Pvt. Ltd. & its Subsidiaries
Global AgriSystem Pvt. Ltd. & its Subsidiaries	Mason & Summers Leisure Pvt. Ltd.
Katra Holding Pvt. Ltd.	Segrow Bio-Technics India Pvt. Ltd

* In accordance with the prior approval obtained from the Central Government, the company has entered into Contract/transactions with the company.

** Company has taken on rent the premises belong to them for running of its Hospital & Pharmacy at Aluva, Kerala.

D) Nature and volume of transactions for the year ended 31st March 2011 (₹)

Nature of Transaction	Subsidiary Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which key managerial personnel or other relatives exercise significant influence
Purchase of Goods				4,106,484 (3,075,740)
Sale of Goods	4,329,499 (1,998,111)			
Services income	4,51,000 (3,16,000)			
Reimbursement of Expenses to KAL	8,161,767 (1,120,529)			1,273,723 (7,637,011)
Reimbursement of Expenses by KAL	40,630 (136,993)			nil (26,359)
Paid for Services	942,431 (1,269,331)			
Rent Paid			1,020,000 (628,428)	
Remuneration Paid		3,000,000 (3,412,999)		
Purchase of Fixed Asset	- (100,000)			
Advance for purchase of Land during the year	- (49,500,000)			
Loan taken during the year from others and repayment of loans by the subsidiaries	86,092,978 (4,792,963)			170,975,080 (190,178,000)
Loan repaid and additional loans granted to Subsidiaries during the year	187,324,921 (109,902,964)			79,500,000 (68,408,800)

Previous year figures are given in brackets

r. Segment wise Revenue, Results and Capital employed for the year ended 31st March, 2011. (₹ in lacs)

Particulars	Year Ended	
	31.03.11	31.03.10
1. Segment Revenue		
A) Ayurveda Business	1,728.44	1,590.05
B) Healthcare Software Business	265.49	458.40
Total	1,993.93	2,048.45
Less-Inter Segment Revenue		
Gross Sales/Income from Operation	1,993.93	2,048.45
2. Segment Result		
A) Ayurveda Business	(77.29)	(18.90)
B) Healthcare Software Business	41.10	55.48
Total	(36.19)	36.58
Less: Interest (Not Allocable)	74.69	148.59
Other Unallocable Expenditure	124.23	206.96
Total Profit/(Loss) before Tax	(235.11)	(318.99)
3. Capital Employed		
A) Ayurveda Business	4,968.29	3,997.82
B) Healthcare Software Business	416.57	350.09
C) Other Unallocable Investments	1,141.04	1,138.04
Total Capital Employed	6,525.90	5,485.95

s. Schedules A to W form an integral part of the Balance Sheet and Profit and Loss Account.

L. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

- i. Registration Details
Registration No. : L24233KL1992PLC006592 State Code 09 Balance Sheet Date 31.03.2011
- ii. Capital raised during the year (Amount in ₹. Thousands)
Public Issue NIL Right Issue NIL
Bonus Shares NIL Private Placement NIL
- iii. Position of mobilization and Development of Funds (Amount in ₹. Thousands)
Total Liabilities: 763334 Total Assets: 763334
Sources of Funds Paid-up Capital: 105557 Share Warrant Appl. Money: 1
Share Warrant Appl. Money Forfeited: 1431 Reserves & Surplus: 119424
Secured Loans: 48043 Unsecured loans: 488878
Application of funds Net Fixed Assets: 139308 Investment: 114104
Net Current Assets: 358797 Misc. Expenditure: 3532
Accumulated Losses: 110743 Deferred asset: 38850
- iv. Performance of company (amount in ₹. Thousands)
Turnover (Gross Revenue): 243048 Total Expenditure: 223043
-/+ Profit/Loss Before Tax: +20005 -/+ Profit/Loss after tax: +14120
Earning per share in ₹. 1.34 Dividend rate %: NIL
(Weighted average)
- v. Generic Name of Three Principal Products/Services of company (as per monetary terms)
Item Code No. 3003.31 Product Description : Ayurvedic Classical medicines
Item Code No. 3003.31 Product Description : Ayurvedic Patent Medicines
Item Code No. Product Description : Ayurvedic Treatment and Health Service

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

For KERALA AYURVEDA LIMITED,

MATHEW JOSEPH
Partner
Membership No. 22658

Dr. K ANILKUMAR
Executive Director

BANGALORE
12-08-2011

K RAGHUNADHAN
Company Secretary

A T JACOB
Director

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

Name of the subsidiary company	Ayurvedagram Heritage Wellness Centre Pvt Ltd	Ayu Inc.	Ayu Natural Medicine Clinic, PS.	Ayurvedic Academy Inc.	Nutriveda Pvt Ltd	CMS Katra Holdings LLC	CMS Katra Nursing LLC
No. of Shares held in Subsidiary Company	16,65,000 Equity Shares of Rs10 each fully paid up	100* Share of no par Value	100* Share of no par Value	100* Share of no par Value	1 Share of Sing \$ 1	817 shares of par value USD 1	51 shares of USD 100
Extent of Holding	74%	100%	100%	100%	100%	81.87%	61%
The "financial year" of the subsidiary company ended on:	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011	31st March 2011
Net aggregate amount of the subsidiary company's profits/losses dealt with in the holding company's accounts	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the subsidiary's aforesaid financial year	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the previous financial years since it became subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net aggregate amount of the subsidiary company's profits/(losses) not dealt with in the holding company's accounts	NIL	NIL	NIL	NIL	NIL	NIL	NIL
For the subsidiary's aforesaid financial year	₹ 9.13 Lacs	₹ 73.74 Lacs	₹ 0.29 Lacs	₹ 148.40 Lacs	NIL	₹ 57.35 Lacs	₹ 64.49 Lacs
For the previous financial years since it became subsidiary	₹ 71.07 Lacs	₹ 226.69 Lacs	₹ 549.34 Lacs	₹ 332.21 Lacs	NIL	₹ 28.93 Lacs	₹ 185.43 Lacs
Changes, if any, in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the holding company	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes, if any, between the end of the financial year of the subsidiary and that of the holding company	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: -The foreign exchange rate used for converting amounts in USD to INR is ₹ 44.65 as on 31st March 2011 and Singapore Dollar to INR is ₹ 35.88 as on 31st March 2011.

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

** CMS Katra Nursing LLC is a 51% subsidiary of CMS Katra Holdings LLC hence a step down subsidiary of the company.

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

BANGALORE
12-08-2011

K RAGHUNADHAN
 Company Secretary

Dr. K ANILKUMAR
 Executive Director

A T JACOB
 Director

KERALA AYURVEDA LIMITED

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

Name of the subsidiary company	Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	Ayu Inc.	Ayu Natural Medicine Clinic P.S.	Ayurvedic Academy Inc.	Nutraveda Pte Ltd	CMS Katra Holdings LLC	CMS Katra Nurling LLC
Capital	₹. 225.00 Lacs	NIL *	NIL *	NIL *	₹.0.00 Lacs	₹.0.45 Lacs	₹.4.47 Lacs
Reserves/(Accumulated Losses)	₹.55.41 Lacs	(₹.300.43Lacs)	(₹.549.05 Lacs)	(₹.480.61 Lacs)	NIL	(₹.86.28Lacs)	(₹.519.92 Lacs)
Total Assets	₹.1327.00 Lacs	₹.134.86 Lacs	₹.0.74 Lacs	₹.619.61 Lacs	₹1.78 Lacs	₹.880.28 Lacs	₹.0.12 Lacs
Total Liabilities	₹.1327.00 Lacs	₹.134.86 Lacs	₹.0.74 Lacs	₹.619.61 Lacs	₹1.78 Lacs	₹.880.28 Lacs	₹.0.12 Lacs
Details of Investment (Excluding Investment in Subsidiaries)							
Turnover	₹.344.78 Lacs	₹113.87 Lacs	NIL	NIL	NIL	NIL	NIL
Profit/(Loss) Before Tax	₹.13.54 Lacs	(₹.73.74 Lacs)	(₹.0.29 Lacs)	(₹.148.40 Lacs)	NIL	(₹.57.35 Lacs)	(₹.64.49 Lacs)
Provision for Tax	₹.4.41 Lacs	NIL	NIL	NIL	NIL	NIL	NIL
Profit/(Loss) After Tax	₹.9.13 Lacs	(₹.73.74 Lacs)	(₹.0.29 Lacs)	(₹.148.40 Lacs)	NIL	(₹.57.35 Lacs)	(₹.64.49 Lacs)
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

Notes:

- None of the above companies has proposed any dividend
- The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.
- The foreign exchange rate used for conversion of foreign currency as on 31st March 2011: US\$ @ ₹.44.65 and Singapore \$ @ ₹. 35.88
- The annual accounts of the subsidiary companies & the related detailed information will be made available to the investor, who seek such information, at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by the investors in the Registered Office of your company and that of Subsidiary concerned.

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors of,
KERALA AYURVEDA LIMITED

1. We have audited the attached Consolidated Balance Sheet of Kerala Ayurveda Limited and Its Subsidiaries (the Group) as at 31st March 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed there to. These consolidated financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting standard (AS-21) Consolidated financial statements and (AS-23) Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
4. We did not audit the financial statements of Ayurvedagram Heritage Wellness Centre Private Limited, Ayurvedic Academy Inc., Ayu Inc., Ayu Natural Medicine Clinic PS., CMS Katra Holdings LLC, CMS Katra Nursing LLC and Nutraveda Pte Ltd, subsidiaries whose financial statements reflect total assets of ₹.4600.02 Lacs and total net revenue of ₹.727.14 Lacs. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is solely on the report of the other auditors.
5. Based on our audit and on consideration of the report of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the consolidated Balance Sheet, of the state of the Group as at 31st March 2011;
 - b) In the case of the consolidated Profit and Loss Account, of loss of the Group for the year ended on that date; and
 - c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Place : Kochi
Date : 12.08.2011

Mathew Joseph, Partner
Membership No.22658

KERALA AYURVEDA LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	SCHEDULE	31.03.2011	31.03.2010
		Rupees	Rupees
I SOURCES OF FUNDS			
1) Shareholders Funds			
Share Capital	A	105,556,700	105,556,700
Warrant Application Money		1,494	1,494
Share Warrant Application Money Forfeited		1,431,000	1,431,000
Reserves and Surplus	B	119,423,855	119,423,855
2) Loan Funds			
Secured Loans	C	106,142,549	126,961,752
Unsecured Loans	D	523,128,446	478,573,485
Minority Interest		7,290,555	7,053,080
		862,974,599	837,001,366
II APPLICATION OF FUNDS			
1) Fixed Assets			
Gross Block		291,128,733	336,276,706
Less Depreciation		82,627,698	74,675,806
Net Block		208,501,035	261,601,100
Capital Work In Progress			6,077,500
Good will on consolidation		98,006,946	98,004,059
2) Investments	F	1,017,500	717,500
3) Deferred Tax Assets		33,252,712	39,559,439
4) Current Assets, Loans & Advances			
Inventories	G	85,827,200	83,874,250
Sundry Debtors	H	47,969,066	53,427,777
Cash & Bank balances	I	38,034,885	8,160,681
Loans & Advances	J	111,212,083	67,082,155
		282,843,214	192,544,863
Less: Current Liabilities & Provisions	K	68,966,872	78,605,033
Net Current Assets		193,876,342	113,939,830
5) Miscellaneous Expenditure (To the extent not Written off or adjusted)	L	19,183,655	30,530,823
6) Profit & Loss account	M	309,136,410	286,571,116
		852,974,599	837,001,366
Significant Accounting Policies & Notes to Account	X		

This is the Balance Sheet referred to in our report of even date.

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

MATHEW JOSEPH
Partner
Membership No. 22658

BANGALORE
12-08-2011

For KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

K RAGHUNADHAN
Company Secretary

KERALA AYURVEDA LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	SCHEDULE	2010-11	2009-10
		Rupees	Rupees
INCOME			
Sale of Products & Services	N	270,585,723	336,488,586
Less: Excise Duty & VAT		9,873,348	8,105,351
Sale of Products & Services (Net of Taxes)		260,912,375	328,383,235
Other Income	O	4,596,720	4,719,729
Total		265,509,095	333,102,964
		-	-
EXPENDITURE			
(Increase)/Decrease in stocks	P	690,973	5,390,364
Raw Materials & Packing Materials Consumed	Q	49,015,599	41,540,709
Cost of Sales		23,072,426	74,592,812
Manufacturing Expenses	R	22,398,489	18,613,473
Staff Cost	S	92,728,823	104,486,854
Administrative Expenses	T	58,853,431	47,318,259
Selling & Distribution Expenses	U	32,669,363	34,022,202
PROFIT BEFORE INT., DEP, TAX & EXCEPTIONAL ITEMS		(11,962,439)	9,138,291
Less: Finance Charges	V	11,580,603	23,259,695
Less: Depreciation	E	9,592,611	10,042,407
Less: Miscellaneous Expenses Written off	W	11,197,852	12,825,037
Less: Amortisation of Goodwill on Merger & Software	E	12,249,874	14,091,912
PROFIT BEFORE TAX & EXCEPTIONAL ITEMS		(66,583,179)	(50,880,780)
Add: Exceptional Items (Refer Note B (b) & (c))		43,515,849	10,333,074
Profit/(Loss) Before Taxes		(13,067,330)	(40,547,686)
Less: Provision for Tax Current		19,371	(361,371)
Less: Provision for Deferred Tax Liability/(Assets)		6,306,727	(3,228,068)
Profit/(Loss) after Taxation before Minority Interest		(19,393,428)	(36,958,247)
Less: Minority Interest		237,475	1,080,209
Profit/(Loss) after Taxation after Minority Interest		(19,830,903)	(38,038,456)
Profit/Loss brought forward from Previous Year		(286,571,116)	(263,035,501)
Forex Fluctuation loss on brought forward loss		(1,780,049)	14,854,648
Forex Fluctuation loss		4,714,440	(351,807)
Deficit carried to Balance Sheet	M	(308,136,410)	(286,571,116)
Earnings per share (₹) Basic & Diluted-Before Exceptional Items		-2.78	-4.48
Earnings per share (₹) Basic & Diluted-After Exceptional Items (Face value of ₹ 10 Share)		1.34	-3.50
Significant Accounting Policies & Notes to Account	X		

This is the Profit and Loss Account referred to in our report of even date

For MAHARAJ RAJAN & MATHEW,
Chartered Accountants
FRN: 0019325

For KERALA AYURVEDA LIMITED,

MATHEW JOSEPH
Partner
Membership No. 22658

Dr. K ANILKUMAR
Executive Director

BANGALORE
12-08-2011

K RAGHUNADHAN
Company Secretary

A T JACOB
Director

KERALA AYURVEDA LIMITED

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31-03-2011

PARTICULARS	31.03.2011	31.03.2010
	Rupees	Rupees
SCHEDULE A : SHARE CAPITAL		
Authorised:		
12000000 Equity Shares of ₹.10/- each	120,000,000	120,000,000
Issued,Subscribed and paid up		
10555670 Equity Shares of ₹.10/- each fully paid up	105,556,700	105,556,700
Notes: of the above		
1. 48,13,602 Shares were issued as fully paid up for consideration other than cash		
2. Promoters hold 64,93,435 Shares through their Holding Company M/s Katra Holdings Ltd, Mauritius.		
	105,556,700	105,556,700
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve	3,110,879	3,110,879
Share Premium	114,514,976	114,514,976
General reserve	1,798,000	1,798,000
	119,423,855	119,423,855
SCHEDULE C : SECURED LOANS		
AXIS Bank, Blore (OCC) KAL (Overdraft Facilities for meeting working capital needs of the company taken from AXIS Bank, are secured against mortgage of Company's inventory, Book Debts and other current assets and against second charge by mortgage of land belonging to one of the Director and personal guarantee of one director)	48,043,229	48,829,782
Axis Bank -Term Loan 1(AHWC)	6,262,027	17,593,425
Axis Bank -Term Loan 2(AHWC)	1,779,121	4,912,850
Ratnakar bank Limited Term Loan (AHWC)	44,997,257	50,817,132
Axis Bank OD Account-(AHWC) (Secured by Equitable pari passu Mortgage of Land & Buildings & Hypothecation of other Fixed Assets & Current Assets of Ayurvedagram & Personal guarantee of Directors & Corporate Guarantee of Holding Company M/s Kerala Ayurveda Ltd.)	5,060,915	5,008,583
	106,142,549	126,961,752
SCHEDULE D : UNSECURED LOANS		
From Share Holders	1,270,183	1,270,183
From Group Companies	516,205,830	470,338,906
Vehicle Loan	596,967	264,593
Others	5,055,666	4,699,803
	523,128,446	476,573,485

KERALA AYURVEDA LIMITED

SCHEDULE E-FIXED ASSET - FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31st March 2011 (₹)

Particulars	Dep. Rate	GROSS BLOCK						DEPRECIATION				NET BLOCK	
		As at 01.04.2010	Fluctuation	Addition	Deductions	Amortisation	As at 31.03.2011	Fluctuation	For the Year	Deduction	Up to 31.03.2011	As At 31.03.2011	As At 31.03.2010
Land & Development		166,824,839	-	187,802	17,982,164		184,994,805	-	-	-	-	-	166,824,839
Building	3.34%	75,875,048	21,994	2,827,503	1,895,192		76,819,664	18,225,502	5,634	2,225,398	622,538	19,843,186	57,948,546
Plant and Machinery	4.75%	31,515,350	-	1,959,428	403,168		33,082,610	14,408,938	-	1,118,732	182,911	15,380,959	17,108,414
Electrical Fittings	4.75%	4,999,784	-	153,515	100,000		5,053,299	3,078,018	-	195,947	63,540	3,236,425	1,844,874
Furniture & Fixtures	8.33%	60,997,784	8,789	1,382,119	128,250		62,212,035	25,635,420	3,636	3,987,187	22,477	28,586,175	34,517,458
Office Equipments	18.21%	10,992,792	5,662	189,877	-		11,088,307	7,584,154	1,846	593,335	-	8,175,840	3,078,461
Computers & Accessories	18.21%	7,840,113	3,170	257,419	-		8,094,421	4,341,226	2,778	1,344,181	-	5,582,630	2,811,791
Vehicles	7.07%	3,260,712	-	971,420	1,584,579		2,647,153	1,406,346	-	259,393	775,106	594,803	1,756,550
Misc. Fixed Assets		2,634,117	-	29,625	220,675		2,442,407	-	-	-	-	-	2,442,407
Intangible Assets													
Goodwill on Merger	25%	6,720,888	-	-	-	6,720,888	-	-	-	-	-	-	6,720,887
Software	20%	24,845,319	-	-	19,116,513	5,529,006	-	-	-	-	-	-	24,845,319
Total		338,278,798	39,625	7,833,166	40,481,741	12,248,874	381,133,713	74,675,094	13,686	8,992,811	1,628,822	82,627,898	208,501,835
Capital W/P		6,077,500			6,077,500		-						6,077,500
Total		342,554,208	39,625	7,833,166	46,559,241	12,248,874	381,133,713	74,675,094		8,992,811	1,628,822	82,627,898	208,501,835
Previous year figures		310,281,102		61,531,960	15,865,944	14,091,912	342,354,206	65,219,664		10,042,427	588,515	74,675,306	287,678,500

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

PARTICULARS	31.03.2011 Rupees	31.03.2010 Rupees
SCHEDULE F : INVESTMENTS		
Non Trade Quoted		
500 equity shares of ₹. 10 each fully paid up in Canara bank limited Market Value ₹. 626.15 last Year ₹. 410.35 per share	17,500	17,500
Non Trade Unquoted		
100 Equity Shares (Previous Year 70) of ₹.10,000/- each in Confederation for Ayurvedic Renaissance Kerala Private limited	1,000,000	700,000
	1,017,500	717,500
SCHEDULE G : INVENTORIES		
(As taken, valued & Certified by Management)		
Finished Goods	46,649,251	44,800,145
Furnace Oil	103,312	39,433
Packing Material	3,167,251	2,946,834
Raw Material	6,772,491	6,115,967
Stores & Spares	209,226	112,699
Work in Progress	8,725,669	9,859,172
	65,627,200	63,874,250
SCHEDULE H : SUNDRY DEBTORS		
Debts outstanding for more than 6 months	21,784,520	33,098,668
Other debts	26,184,546	20,329,109
Debts considered good in respect of which the company hold no security other than Debtors personal security ₹. 4,79,69,066 (₹. 5,34,27,777) Debts considered doubtful or bad ₹. 3,98,963 (₹. 3,98,963)		
	47,969,066	53,427,777
SCHEDULE I : CASH AND BANK BALANCES		
Cash in Hand (As certified by Management)	892,166	1,386,025
Cheque in Hand	25,200,000	-
Balance with Scheduled banks:- In Current accounts	9,610,009	5,431,329
In Deposit accounts	2,532,690	1,343,327
	38,034,865	8,160,681

Particulars	31.03.2011	31.03.2010
	Rupees	Rupees
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured considered good and recoverable in cash or in kind or for value to be received)		
Deposits with Govt. Authorities	1,618,940	924,787
Deposits with others	6,048,891	6,124,962
Income Tax advance	3,073,008	2,753,277
Advance for Purchase	271,239	237,104
Advance for Land Purchase	-	310
Other Advances	46,377,623	16,273,937
Other Current Assets	40,699	40,699
Prepaid expense	7,658	16,735
Prepaid Insurance	69,405	75,782
Project-Cosmeceuticals WIP	18,537,626	351,300
Project QJue-WIP	2,445,889	2,507,359
Project-Suveda WIP	331,051	5,385,849
WIP (Training)	32,390,054	32,390,054
	111,212,083	67,082,155
SCHEDULE K : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors- Mfgs.	14,451,794	12,828,461
Sundry creditors- Others	20,631,087	13,641,511
Deposits from others	1,387,500	1,234,500
Advances from Customers	8,357,227	7,511,692
Other liabilities	13,586,765	24,193,713
Privilege Leave Encashment Payable	1,228,500	500,000
	59,642,873	59,909,877
PROVISIONS		
Provision for Gratuity	270,470	1,092,826
Provision for Others	2,558,609	11,900,000
Provision For Taxation	6,494,920	5,702,330
	9,323,999	18,695,156
	68,966,872	78,605,033
SCHEDULE L : MISCELLANEOUS EXPENDITURE		
Deferred Amalgamation Expenditure	235,208	1,376,108
Deferred Expenditure Brand Design	3,256,866	5,535,354
Deferred Expenditure R&D	-	190,752
Deferred Sales Promotion Expenses	-	741,242
Goodwill & Project Expenses	15,473,983	22,417,701
Preliminary Expenses	217,598	269,666
	19,183,655	30,530,823
SCHEDULE M : PROFIT & LOSS ACCOUNT		
Opening balance	286,571,116	283,035,501
Forex Fluctuation & Adjustment	2,934,391	(14,488,118)
Add: Loss during the year	19,630,902	36,023,733
	309,136,410	286,571,116

KERALA AYURVEDA LIMITED

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 31-03-2011

Particulars	31.03.2011	31.03.2010
	Rupees	Rupees
SCHEDULE N : SALE OF PRODUCTS AND SERVICES		
Sale of Products	154,412,392	148,975,308
Registration Fees	2,050,170	1,923,232
Treatment Income	49,562,248	51,241,886
Training Income	29,044,883	35,269,590
Research Consultancy	26,417,875	45,840,665
Income from nursing service	484,204	26,669,041
Ayu Service income	8,813,950	28,568,868
	270,585,723	336,488,586
SCHEDULE O : OTHER INCOME		
Sale of Scrap	61,127	106,013
Miscellaneous Receipts	4,269,490	4,510,254
Interest Received	135,423	103,461
Forex Fluctuation gain	130,680	-
	4,596,720	4,719,729
SCHEDULE P : INCREASE/(DECREASE) IN STOCKS		
Closing Stock:-		
Finished Goods	42,381,417	41,938,887
Work In Progress	8,725,669	9,859,172
(A)	51,107,086	51,798,059
Less: Opening Stock:-		
Finished Goods	41,938,887	44,106,389
Work In Progress	9,859,172	13,082,034
(B)	51,798,059	57,188,423
Increase/(Decrease) (A-B)	(690,973)	(5,390,364)
SCHEDULE Q : MATERIALS CONSUMED		
Raw materials		
Opening Stock-Raw Material	8,115,967	7,382,201
Add: Purchase - Raw Material	38,502,945	29,460,258
	44,618,912	36,842,460
Less: Closing Stock	6,772,491	6,115,967
Total (A)	37,846,421	30,726,493
Packing Material		
Opening Stock-Packing Material	2,946,834	3,183,441
Add: Purchase - Packing Material	11,389,595	10,577,609
	14,336,429	13,761,050
Less: Closing Stock	3,167,251	2,946,834
Total (B)	11,169,178	10,814,216
Material consumed (A+B)	49,015,599	41,540,709
SCHEDULE R : MANUFACTURING EXPENSES		
Fuel Consumed	8,062,402	4,728,284
Electricity charges	1,014,867	956,544
Repairs to Plant & Machinery	667,606	666,285
Repairs to Building	155,014	109,989
Other Manufacturing Expenses	3,590,741	2,430,265
Cultivation Expenses	151,106	242,103
Treatment Expenses	10,756,934	7,480,003
	22,398,469	16,613,473

Particulars	31.03.2011 Rupees	31.03.2010 Rupees
SCHEDULE S : STAFF COST (Including Managerial Remuneration)		
Salaries, Wages & Bonus	85,082,332	96,458,195
Provident Fund and Other Funds	4,900,202	4,776,330
Workmen and Staff Welfare Expenses	2,746,290	3,252,329
	92,728,823	104,486,854
SCHEDULE T : ADMINISTRATIVE EXPENSES		
Rent	10,756,239	11,996,164
Rates and Taxes	1,501,994	1,324,601
Legal & Professional charges	1,973,514	3,526,525
Directors Expenses	16,000	11,000
Directors Sitting Fee	240,000	255,000
Research and Development Expenses	581,163	130,225
Travelling -Others	2,620,763	4,035,473
Loss on sale of fixed Asset	432,261	-
Vehicle Maintenance	97,366	668,466
Insurance	117,494	85,144
Founders Day Expenses	572,293	35,959
Electricity charges	1,546,536	1,474,478
Printing & Stationery	1,738,156	1,354,626
Postage & Telephone	3,458,367	3,270,375
Secretarial Expenses	733,425	628,003
Repairs & Maintenance Branch assets	2,764,065	2,813,724
Other Administrative Expenses	25,544,345	10,655,533
Audit fee	156,180	156,180
Professional fees	3,777,946	3,285,399
Forex Fluctuation loss	225,325	1,611,384
	58,853,431	47,318,259
SCHEDULE U : SELLING & DISTRIBUTION EXPENSES		
Travelling -Sales Staff	9,237,438	8,070,363
Advertisements	1,417,302	5,347,204
Training Expenses	310,147	256,218
Bad debts	2,048,033	4,222,563
Other Selling & Distribution Expenses	19,656,443	16,125,854
	32,669,363	34,022,202
SCHEDULE V : FINANCE CHARGES		
Interest to Bank - Term Loans	2,258,571	10,858,175
Interest WC	7,449,393	6,943,441
Interest to Others	842,185	3,096,898
Bank Charges	1,030,454	2,361,181
	11,580,603	23,259,695
SCHEDULE W : MISCELLANEOUS EXPENDITURE W/OFF		
Deffered Sales Promotion Expenditure	3,019,730	4,098,863
Amalgamation Expense	1,140,900	1,140,901
Preliminary Expenses W/Off	70,284	70,284
Deffered R&D Expense W/Off	190,752	243,456
Project Exp & Acqution GW W/off	6,775,986	7,071,533
	11,197,652	12,625,037

KERALA AYURVEDA LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011

Particulars	31.03.2011 Rupees	31.03.2010 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss before Tax and Interest	(1,486,727)	(17,287,991)
Adjustment for:	-	-
Depreciation	9,592,811	10,042,407
Interest Received	(135,423)	(103,461)
Dividend Received	(5,000)	(4,000)
Amortisation of Good will on merger & software	12,249,874	14,091,912
Miscellaneous Expenditure & Deferred Exp W /off	11,197,852	12,825,037
Deferred Exps- Goodwill Patent	(937,362)	(2,190,690)
Long Term capital on Sale of land	(43,515,849)	(10,333,074)
Profit/Loss on sale of fixed assets	401,753	-
MAT Credit (Prior Period)		481,154
<i>Operating profit before working capital changes</i>	(12,638,471)	7,301,293
Adjustments for:		
Trade receivables	5,458,711	14,858,869
Other Receivables	(43,935,812)	38,157,479
Inventories	(1,752,950)	9,623,679
Work In Progress-Software and Nursing Business	(269,581)	3,090,495
Current Liabilities & Provisions	(14,337,964)	5,407,696
Cash generated from operations	(67,475,868)	78,439,512
MAT Credit		993,043
Direct taxes paid	(19,371)	(1,092,826)
Foreign Exchange Fluctuation on consolidation	(2,686,518)	17,111,363
Net cash from operating activities A	(70,181,757)	95,451,093
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(7,833,266)	(81,531,960)
Sale of fixed assets	88,918,560	25,320,000
Investments	(300,000)	(200,000)
Dividend Received	5,000	4,000
Interest Received	135,423	103,461
Net cash used in Investing activities B	81,125,717	(36,304,499)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Unsecured Loans	51,330,029	8,594,813
Decrease in secured Loans	(20,819,203)	(41,966,510)
Interest paid	(11,580,603)	(23,259,695)
Net cash from financing activities C	18,930,224	(56,631,392)
Net cash flows during the year (A+B+C)	29,874,183	2,515,202
CASH & CASH EQUIVALENTS		
Opening balance	8,160,881	5,645,479
Closing balance	38,034,865	8,160,881
Net Increase/(Decrease) in Cash & Cash Equivalents	29,874,183	2,515,202

This is the Cash Flow statement referred to in our report of even date

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

MATHEW JOSEPH
Partner
Membership No. 22658

BANGALORE
12-08-2011

K RAGHUNADHAN
Company Secretary

(47)

For **KERALA AYURVEDA LIMITED,**

Dr. K ANILKUMAR
Executive Director

A T JACOB
Director

SCHEDULE -X : NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF ACCOUNTS

1. Principles of Consolidation

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

2. Basis of Preparation

The financial statement of the Kerala Ayurveda Limited and its subsidiaries are prepared on historical cost convention, on the accrual basis of accounting. Foreign subsidiaries results/accounts have been converted into Rupees value at year end rate of 1 US\$= ₹.44.65 and 1 Singapore \$= ₹.35.86.

3. Fixed Assets

- Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition & installation of fixed assets.
- Depreciation is charged on Straight line method/ Written down value method as the case may be at the rates permissible under applicable local laws. Intangible assets will be written off over a period of their estimated useful lives.
- In respect of software developed internally the cost is amortised over a period of 5 years.

4. Use of estimates

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

5. Borrowing costs

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

6. Good Will

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

7. Inventories

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

8. Revenue Recognition

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

9. Transactions In Foreign Exchange

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

10. Employee Benefits / Retirement Benefits.

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

11. Miscellaneous Expenditure

1/5 of the preliminary expenses and initial Advertisement & sales promotion expenditure are written off every year. Goodwill on merger appearing in the Book consequent to the merger has been amortised in the ratio 1/5, from 2006-2007 on wards.

12. Research & Development.

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

13. Investments

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

14. Intangible Assets

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

15. Impairment of assets

Impairment loss if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of useful life. During the year the impairment of assets amounting to ₹.967,907/- has been charged to Profit & Loss account under depreciation.

16. Provision for Tax

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

17. Earnings Per Share

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

B. NOTES TO ACCOUNTS

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 incorporation	% of voting power	Financial year
Ayurvedagram Heritage Wellness Centre Pvt. Ltd.	India	74%	April- March
Ayu Natural Medicine Clinic, PS.	USA	100%	April- March
Ayurvedic Academy INC.	USA	100%	April- March
Ayu INC.	USA	100%	April- March
Nutraveda Pte Ltd	Singapore	100%	April- March
CMS Katra Holdings LLC *	USA	81.67%	April- March

* CMS KatraNursing LLC, is a step down subsidiary of the company where CMS Katra Holdings LLC holds 51% voting power.

Principles of consolidation

- The consolidated financial statement is based on the audited financial statements of the subsidiaries for their respective financial years.
- The financial statement of the parent company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, Liabilities, Income and expenses. All intra group balances and transactions have been eliminated on consolidation.
- Minority interest in the net income and net assets of the consolidated financial statements are computed separately.

c. During the year the company has disposed off balance portion of its land at Poolani at Kerala and idle land at Thally Near Bangalore and the net capital gain of ₹.8,109,662/- is accounted under exceptional income.

d. During the year the Company sold its rights relating to part of the software business and the profit derived on sale amounting to ₹.35,406,187/- has been accounted under exceptional income.

e. Contingent Liabilities

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

f. Taxation

- Provision for current tax

Provision for current tax is computed as per total income under the applicable laws taking into account available deductions and exemptions

- Deferred taxation

The status and break up is given below

(Rupees)

Deferred Head	Position on 31.03.2010		Position as on 31.03.2011	
	Assets	Liabilities	Assets	Liabilities
Depreciation		16,187,053		15,947,918
Unabsorbed Depreciation	17,105,823		17,105,823	
Unabsorbed Business Loss	38,886,445		29,805,848	
Provision for gratuity	1,930,381		2,169,584	
Expenses allowed on cash basis	23,843		19,577	
	55,746,492	16,187,053	49,200,630	15,947,918
Net	39,559,439		33,252,712	

e. Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) *Related Party Disclosures issued by the Institute of Chartered Accountants of India:

(A) Names of the related party and nature of relationship where control exists:

Name of the Company: Katra Holdings Limited, Maurilius Nature of Relationship: Holding Company

(B) Other Related Parties:

Sl No.	Related Party	Relationship
1.	Dr. K Anilkumar	Key Management Personnel
2	Mr SK Arunkumar	Relative of Key Management Personnel
3	Mrs. Sunitha Anilkumar*	Relative of Key Management Personnel
4	Mrs. Chithra Gopinath*	-do-

* Company occupied the premises belong to them for running of its Hospital & Pharmacy at Aluva, Kerala

(C) Companies controlled by Directors/Relatives.

Katra Phytochem India Pvt. Ltd. Arudrama Developments Pvt. Ltd. Mason & Summers Leisure Pvt. Ltd. Katra Holding Pvt Ltd. Asha Medical Foundation Pvt. Ltd. Katra Marine Pvt. Ltd.	Global AgriSystem Pvt. Ltd. & its subsidiaries Segrow Bio-Technics India Pvt Ltd Mason & Summers Alcobev Pvt. Ltd. Mason & Summers Marketing Service Pvt. Ltd. All Seasons Herbs Pvt. Ltd. Katra Finance Limited, Mauritius
--	--

(D) Nature and volume of transactions for the year ended 31st March 2011 (₹)

Nature of Transaction	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Enterprise over which key managerial personnel / other relatives exercise significant influence
Purchase of Goods				4,106,484 (3,075,740)
Services Income				2,354,329 (1,154,625)
Reimbursement of Expenses to KAL				1,273,723 (7,637,011)
Reimbursement of Expenses by KAL				Nil (26,359)
Rent Paid			1,020,000 (628,428)	
Professional Fees			900,000 Nil	
Remuneration Paid		3,000,000 (3,412,999)		
Loan taken during the year				251,077,100 (204,685,354)
Loan repaid during the year				201,666,106 (160,213,361)

f. Consolidated Segment wise Revenue, Results and Capital employed for the year ended 31st March 2011. (₹ in Lacs)

PARTICULARS	31-03-2011	31-03-2010
1. Segment Revenue		
A) Ayurveda Business	2404.51	2604.87
B) Healthcare Services & Software Business	270.33	725.09
Total	2674.84	3329.96
Less- Inter Segment Revenue		-
Gross Sales/Income from Operation	2674.84	3329.96
2. Segment Result		
A) Ayurveda Business	(343.52)	(127.39)
B) Healthcare Services & Software Business	(23.39)	(25.88)
Total	(366.91)	(153.25)
Less: Interest (Not Allocable)	74.69	148.58
Other Unallocable Exp. net of unallocable income	124.23	206.98
Total Profit/(Loss) before Tax	(565.83)	(508.81)
3. Capital Employed		
A) Ayurveda Business	4237.72	4314.98
B) Healthcare Services & Software Business	1291.23	1138.84
C) Other Unallocable-Investments	10.18	7.18
Total Capital Employed	5539.13	5461.00

g. Schedules A to H form an integral part of the Consolidated Balance Sheet and Profit and Loss Account.

For MAHARAJ RAJAN & MATHEW,

Chartered Accountants
FRN: 0019325

MATHEW JOSEPH

Partner
Membership No. 22658BANGALORE
12-08-2011

For KERALA AYURVEDA LIMITED,

Dr. K ANILKUMAR
Executive DirectorK RAGHUNADHAN
Company SecretaryA T JACOB
Director

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

**HOSPITALS
IN KERALA**

KERALA AYURVEDA HOSPITAL
AMRITHAM HOSPITAL
 BANK ROAD,
 ALUVA-683 101,
 ERNAKULAM DIST.
 PH: 6484-2628119, 2823578

KERALA AYURVEDA HOSPITAL
KAMATH HOSPITAL WING
 NEAR NEW BUS STAND
 MANGALORE ROAD,
KASARGODE-471 121.
 PH: 6489-4222119

TREATMENT CENTRES-IN KERALA

KERALA AYURVEDA LTD
 OLD WARRIAM ROAD EAST
 A.M.THOMAS ROAD,
 ERNAKULAM-682 116.
 PH: 6484-2375292, 2378198

KERALA AYURVEDA LTD
XRVVITA, THEVA,
 OPPOSITE MANGILATH S MART,
 TOLL JUNCTION, EDAPPALLY
 ERNAKULAM-682 216.
 PH: 6484-2357244

CLINICS IN KERALA

KERALA AYURVEDA LTD
KOTTAKKAL BUILDINGS,
 PREMIER JUNCTION,
 KALAMASSERY-682104,
 ERNAKULAM DIST
 PH: 6484-2356779

KERALA AYURVEDA LTD
FACT EMPLOYEES BUILDING
UDYODAMANDAL,
 ERNAKULAM DIST-683 901
 PH: 6484-2946313

KERALA AYURVEDA LTD
SOUTH NADA P.O,
VAIKOM.
 KOTTAYAM DIST-682 841
 PH: 64826-218043

KERALA AYURVEDA LTD
MARKET ROAD,
THALAYOLAPARAMBU,
 KOTTAYAM DIST-684 802,
 PH: 64826-237383

KERALA AYURVEDA LTD
 SHOP NO.37/421
 S.N.JUNCTION
PALARNATTOM
 ERNAKULAM-682295
 PH: 6484-2944414

KERALA AYURVEDA LTD
 SHOP NO.1582
 THADIYANTHADATHIL BUILDING
 NEAR BUS STAND,
KERUVYLANGADU
 KOTTAYAM DIST
 PH: 64822-234687

KERALA AYURVEDA LTD
MAX FLORA,
UPPALA
KASARGODE- 676 322.

FRANCHISE CLINIC-KERALA
KERALA AYURVEDA CLINIC
 OPP NEW KBRTC BUS STAND
 FORT ROAD,
NORTH PARUR,
 ERNAKULAM DIST.
 PH: 6484-2448718

KERALA AYURVEDA CLINIC
ATHANI JUNCTION
NEDUMASSERY
 ERNAKULAM
 PH: 6484-3112030/39053-30621

HEALTH RESORT

AYURVEDAGRAM HEALTH RESORT
 AYURVEDAGRAM HERITAGE WELLNESS CENTRE P L
 HEMANDAKAHALLI,
 SAMETHANHALLI POST,
 VIA WHITEFIELD, BANGALORE-560 067,
 KARNATAKA
 PH: 985-27942428, 65691089

HOSPITAL WING

YYDEHI AYURVEDAGRAM
YYDEHI HOSPITAL WING
 82, EP P AREA, WHITEFIELD,
 BANGALORE - 560 065, KARNATAKA
 PH: 660-28412956

TREATMENT CENTRES-OUTSIDE KERALA

KERALA AYURVEDA LTD
 AD 20(PLOT NO.3337)
 5th AVENUE,
 ANNA NAGAR,
CHENNAI-600 046.
 TAMIL NADU
 PH: 644-25214893

KERALA AYURVEDA LTD
 No 3282, 13TH MAIN,
 HAL 8ND STAGE,
INDIRA NAGAR,
 BANGALORE-560 038,
 KARNATAKA
 PH: 985-25262018

KERALA AYURVEDA LTD
 #405, 15TH MAIN,
 6TH BLOCK,
SOBRANURGALA, BANGALORE-560 085.
 KARNATAKA
 PH: 985-41889699

KERALA AYURVEDA LTD
 No.15,SWATHI, 8MT ROAD,
 HMT LAYOUT,
E.T.NAGAR, BANGALORE-560 032.
 KARNATAKA
 PH: 989-23339455

KERALA AYURVEDA LTD
 6-3-906B/1, SOMAJIGUDA
 NEAR YASODA SPECIALITY HOSPITAL
HYDERABAD-506 082.
 ANDHRA PRADESH
 PH: 948-66613367

KERALA AYURVEDA WELLNESS CENTER
AARDOTAM,52,DHULESHWAR BAGH
SARDAR PATEL MARG
C-CHEMBO, JAIPUR - 302 001.
 RAJASTHAN
 PH: 91441-8222422

KERALA AYURVEDA WELLNESS CENTER
 E-2, GREEN PARK EXTN,
 GREEN PARK MAIN MARKET ROAD,
NEW DELHI-110 016.
 PH: 911-41754888/1759347

KERALA AYURVEDA WELLNESS CENTER
 24, BOUGAIN VILLA MARG
 DLF PHASE-2,
GURGAON-122 001, HARYANA
 PH: 9124-6241916916

KERALA AYURVEDA WELLNESS CENTER
 B-3, SECTOR-28,
 NEAR CORPORATION BANK
RODA-391 391,DELHI NCR)
 UTTAR PRADESH
 PH: 9126-6641236221

KERALA AYURVEDA WELLNESS CENTER
 HOUSE NO 13, SECTOR 2,
 TREKUTA NAGAR,
JANMUI-180 012.
 PH: 9191-2470658, 87962-34868

KERALA AYURVEDA WELLNESS CENTER
 L13, UPPER NATHANPUR
 RING ROAD, NHRUGRAM P O
DEHRADUN-248 021.
 UTTARKHAND STATE
 PH: 9135-8542733

ACADEMY

KERALA AYURVEDA ACADEMY
 HRD CENTER, BANK EMPLOYEES SOCIETY
 HALL BLDG, PALACE ROAD, BANK JUNCTION
 ALUVA - 683 101.
 PH: 9484-2628787

CLINICS OUTSIDE KERALA

KARNATAKA:
KERALA AYURVEDA LTD
 12, BOWRING HOSPITAL ROAD,
SHINAJI NAGAR, BANGALORE-560 601, KARNATAKA
 PH: 985-23601825

KERALA AYURVEDA LTD
 NO.285, WHITEFIELD MAIN ROAD,
 OPP STATE BANK OF MYSORE,
 WHITEFIELD, BANGALORE-560 065,
 KARNATAKA
 PH: 985-28468212

MAHARASHTRA:
KERALA AYURVEDA LTD
BARC, ANURAKTHI NAGAR
 TROMNATY, MUMBAI-400 054,
 MAHARASHTRA
 PH: 922-26586596

KERALA AYURVEDA LTD
NAYNABHA,12N,
DADASAHEB PHALKE ROAD
DADAR, MUMBAI-400 014.
 MAHARASHTRA
 PH: 922-24113191

KERALA AYURVEDA LTD
DISPENSARY COMPLEX,
SRMS AYURVEDA DISPENSARY,
 3 & 4, PROJECT COLONY,
JABALPUR, TAPP P.O-491 504.
 MAHARASHTRA
 PH: 92325-263823

DEPOT OUTSIDE KERALA:

KERALA AYURVEDA LTD
 NO-12, BOWRING HOSPITAL ROAD
SHINAJI NAGAR, BANGALORE-560 601.
 KARNATAKA
 PH: 985-2360184

KERALA AYURVEDA LTD
 DOOR NO: 119/17, 3RD WEST STREET,
 TIDAL PARK ROAD,
KAMARAJ NAGAR, THIRUVANMIYUR
CHENNAI-600 041.
 PH: 944-32518795, 24424819

KERALA AYURVEDA LTD
 DOOR NO-4739
VELAKANNI NAGAR
 VANDIYOR MAIN ROAD
 ANNA NAGAR
NADURAI- 625 829
 PH: 9452-2522772

KERALA AYURVEDA LTD
 6-3-906B/1, 1ST FLOOR, SOMAJIGUDA
 BEHND YASODA SPECIALITY HOSPITAL
HYDERABAD-506 082.
 PH: 948-66613357

KERALA AYURVEDA LTD
 104, 1ST FLOOR,
 GAURI COMMERCIAL COMPLEX
 PLOT NO.19, SECTOR 11,
 CBD BELAPUR,
NAVI MUMBAI -408 014
 PH: 922-27561975

KERALA AYURVEDA LTD
 CAA ISHITA ENTERPRISES
 34, DEHGAJ MAIN SOCIETY,
 KASHI ROAD, RAJIV,
AHMEDABAD- 380 014
 PH: 979-27543283

KERALA AYURVEDA LTD
 E-2, GREEN PARK EXTN,
 MAIN EVERGREEN MARKET ROAD
NEW DELHI-110 016
 PH: 911-41754888/1759347



KERALA AYURVEDA LIMITED

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

ANNUAL GENERAL MEETING

Attendance Slip

Folio No./DPID No./Client ID No. :
 Name of the shareholder(s) :
 No. of shares :

I/We hereby record my/our presence at the ANNUAL GENERAL MEETING of the company on **Wednesday, the 28th September 2011** at **3.00 P.M** at **Green Park Auditorium, Desom, Aluva-683103.**

Signature of the Attending Member/Proxy

Notes:

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

KERALA AYURVEDA LIMITED

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

ANNUAL GENERAL MEETING

Proxy Form

I/We of being a Member/Members of KERALA AYURVEDA LTD hereby appoint or him as my/our proxy to attend and vote for me/us on my/ our behalf at the Annual General Meeting of the company to be held on **Wednesday, the 28th September 2011** at **3.00 P.M** at **Green Park Auditorium, Desom, Aluva-683103** and at any adjournment thereof.

Signed this Day of 2011
 Folio No./DPID No./Client No. :
 No. of shares :

Affix Re.1/-
Revenue
Stamp

Signature.....

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

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

15% DISCOUNT ON ALL P & S.M.
 Name.....
 Signature.....
 Folio No.....
VALID UPTO 31.03.2012

15% DISCOUNT ON ALL P & S.M.
 Name.....
 Signature.....
 Folio No.....
VALID UPTO 31.03.2012

15% DISCOUNT ON ALL P & S.M.
 Name.....
 Signature.....
 Folio No.....
VALID UPTO 31.03.2012

15% DISCOUNT ON ALL P & S.M.
 Name.....
 Signature.....
 Folio No.....
VALID UPTO 31.03.2012



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1-2 capsules twice daily.

Presentation:
40 capsules in HDPE container.

Composition:
Each Brahma Pearl capsule is prepared out of:

Bacopa monnieri (Brahmi)	300mg
Acorus calamus (Vacha)	200mg
Clitoria tematea (Shankupushpi)	200mg
Centella asiatica (Madookaparni)	200mg
Ocimum sanctum (Thulasi)	100mg
Aegle marmelos (Bilwa)	100mg
Ghee	550mg

- Memory toner
- Improves intellect
- Improves learning process
- Relieves mental stress
- Provides sound sleep

Kerala Ayurveda Ltd.

Regd. Office: Athari, Aluva 683 585, Kerala, INDIA. Tel: 0484 247 6301/02/03/04
email: info@keralaayurveda.biz

www.keralaayurveda.biz

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Regd. Office & Factory: VII/415, Nedumbassery, Athani P.O., Ernakulam District, Kerala - 683 585
Tel: +91-484-2476301/02/03/04. Fax: 0484 247 4376. Email: info@keralaayurveda.biz

Corporate office: No. 1134, 1st Floor, 100 Feet Road, HAL 2nd Stage, Indira Nagar, Bangalore - 560 008.
Tel: +91-80 4180 8000, Fax: +91-80 4180 8043

www.keralaayurveda.biz

www.ayurvedaonline.com | www.ayurvedaacademy.com | www.ayurvedagram.com | www.yogavedagram.com | www.ayurvedic.com