



KAL/COR/BSE/09/ 915 /2020

10th September, 2020

The Manager

Dept. of Corporate Services,
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

Dear Sir,

Sub: Submission of Annual Report along with notice 2019-20 – Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015, please find enclosed herewith a copy of Annual Report of the Company for the Financial year 2019-20 along with the Notice dated 14th August, 2020 convening the 28th Annual General Meeting (AGM) of the Company scheduled to be held on Wednesday 30th September, 2020 at 11 A.M.

The Annual Report for the Financial Year 2019-20 is also available on the website of the company at www.keralaayurveda.biz/investor-relationships and on the website of the Central Depository Services (I) Ltd (CDSL) www.evotingindia.com.

The aforesaid documents are dispatched electronically to those Members whose Email Ids are registered with the Company/Registrar and Share Transfer Agent of the Company or the Depository Participant(s).

This is for your information and record please.

Thanking you,
Yours faithfully,

For **Kerala Ayurveda Ltd.**

Ashitha B R
Company Secretary

Encl: as stated above

Kerala Ayurveda Limited

CIN- L24233KL1992PLC006592

Corporate Office:

1134, 1st floor, 100 Feet Road,

HAL 2nd stage, Indiranagar,

Bangalore – 560008

Ph: +91 80 41808000, Fax: +91 80 41157117

www.keralaayurveda.biz

Registered Office:

Athani post, Aluva,

Kerala, - 683585, India.

Ph: +91 484 2476301/2/3/4, Fax: +91 484 2474376

email: info@keralaayurveda.biz

75[©]

years of ayurveda

Kerala Ayurveda Limited

28th ANNUAL
REPORT

2019 -
2020

Academies • Clinics • Hospitals • Products • Resorts



KERALA
ayurveda[®]
wellness, naturally

OUR MILE STONES

OUR HERITAGE

The Products of Kerala Ayurveda Ltd. (KAL) cover a wide range of therapeutic segments with over 350 classical and proprietary formulations, catering to bone health, diabetes, respiratory disorders, urinary tract infection, skin care, eye care, gynaecological & obstetric care, cardiovascular disorders and pain management. These products have been designed and developed after meticulous research of different ayurvedic scriptures by following the fundamental principles of process of extraction while adopting modern techniques in their method of manufacturing.

By following a rigorous scientific process and addressing all the consumer needs, KAL overcomes the challenges that Ayurveda industry faces today, to deliver products that are Safe, Pure and Effective.

KAL by virtue of its large network, has been successful in preserving the ancient science of Ayurveda, providing time tested, eco friendly, holistic approach to deliver wellness, naturally, to millions across the world!



The first Pharmacy was started at Aluva

Established 7 Pharmacies in central parts of Kerala

A small scale manufacturing facility was started in a shed called Marunnipura



1st Hospital was started in Athani, Kerala

> 1945 > 1948 > 1960 > 1965 > 1960-70 > 1985 > 1986



Founded Kerala Ayurveda at Aluva in Kerala at the banks of River Periyar



The first branch of Pharmacy was started at Kodungallore



The first set of OTC products were launched - Mathrukalpam, Iogen, Kanthakalpalam, Amruthakalpalam, Balakalpalam



Modern Manufacturing facility with Boiler and steam jacket stainless steel vessel for processing classical product was started at Athani

Won the Kerala State Award for Best Material Management Small scale industry



Started the First treatment center at Ernakulam in 1997 and the second one at Indiranagar, Bangalore 1998



A 20-bedded Hospital was started at Aluva (Amrutham) Bank Road, Kerala



1st Listed Ayurvedic Company. Public issue - Kerala Ayurveda Pharmacy Ltd. - listed Company Shares in Stock exchange



Started manufacturing Proprietary products in new & modern dosage forms (Tablets, capsules etc.)



An integrated full-fledged ayurvedic clinic by name "AMRUTHAM" was set up at Alwaye to extend a wide range of treatments including specialized in-patient treatments



Established a Herbarium and medicinal gardens growing medicinal and aromatic plants



1997-98 < 1995 < 1992 < 1989 < 1997 < 1994 < 1991 <

New factory constructed at Athani, inaugurated by then Chief Minister E. K. Nayanar



We were the pioneers to launch New dosage forms in Kerala. Series of PRD products were launched - Glymin, Biogest, Raasnagugul, Tussnil cough syrup, Myaxyl, Liposom



Won the Kerala State Award for 'Productivity'



Received the prestigious recognition for R&D from DST (Department of science & Technology)- DSIR



Received GMP certificate for the factory



Vaidyam, A quarterly journal on Ayurveda was released



Founder's Day



Merger with Katra Group

Company name was changed from Kerala Ayurveda Pharmacy Limited (KAPL) to Kerala Ayurveda Limited (KAL)



> 2000 > 2003 > 2004 > 2005 > 2007 > 2001 > 2003 > 2006



Started a Academy for training therapists and Doctors



Ayurvedagram, the 1st wellness resort, was established at Bangalore



First International Export



Founded Kerala Ayurveda Academy in USA

Range of organic products launched in India and US



Launch of 3rd level Ayurvedic Doctor certification program in the US



Launched a range of Ayurvedic products in the US (SuVeda Range)



Scientific studies on 55 medicinal plants constituting 7 classical Ayurvedic formulations initiated for a renowned MNC



Strategic Alliances with Nag Research Laboratories (NRL) and Asthagiri Herbal Research Foundation (AHRF) for Scientific validation of products



2020 2019 < 2017-18 < 2013 < 2011 < 2010 < 2009-10 <

USFDA compliant products were launched in the US



NavaVaidyaka, "Best Ayurveda Doctor in Making", award was instituted to motivate young Ayurveda doctors and students



KAL enters into collaboration with Banaras Hindu University (BHU) under image with logo Public-Private Partnership (PPP) Model



KAL & Tata Global Beverages Ltd sign MOU to form a Joint Venture for Product Development



Started Franchise Wellness centers in Goa, Bangalore, Delhi and Jammu



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ramesh Vangal, Chairman
Dr. Kunjupanicker Anilkumar, Whole Time Director
Mr. Kshiti Ranjan Das, Independent Director
Mr. Anand Subramanian, Director
Mr. Harish Kuttan Menon, Independent Director
Mr. Subramaniam Krishnamurthy, Independent Director
Mr. Gokul Patnaik, Director
Ms. Shailaja Chandra, Independent Director

CFO

Mr. Arvind Agarwal

COMPANY SECRETARY

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

CIN

L24233KL1992PLC006592

REGISTERED OFFICE & FACTORY

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

CORPORATE OFFICE

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

SECRETARIAL AUDITORS

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

BANKERS

Kotak Mahindra Bank Ltd

BOARD COMMITTEES**AUDIT COMMITTEE**

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

NOMINATION AND REMUNERATION COMMITTEE

Mr. Subramaniam Krishnamurthy, Chairman
Mr. Kshiti Ranjan Das, Member
Mr. Ramesh Vangal, Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

REGISTRAR & TRANSFER AGENTS

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

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

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Chairman's Statement

Dear Shareholders,

As we had anticipated in last year's Chairman's report, Kerala Ayurveda demonstrated healthy growth in FY 2019-20 with consolidated revenues growing 23% despite a significant slowdown in the last quarter of FY 19-20 in our fast growing Health Service business, because of COVID related travel restraints. In addition, our Products distribution had virtually no revenues in March 2020, due to our inability to transport products to the market, when the country was locked down because of COVID. Prior to this, we were running at over a 30% growth rate.

Kerala Ayurveda Ltd ended FY 2019-20 with a Consolidated Revenue of Rs 76.83 crores up 23% vs FY 2018-19 when sales was Rs 62.18 crores. Consolidated net profit increased to Rs 4.05 crores, up 61% vs previous year. This growth has been led by two promising sectors - USA and the Digital / eCommerce India business.

Our USA business revenue grew 83% to Rs 17.04 crores in FY 2019-20 vs Rs 9.29 crores in previous year, with a significant boost in profitability to Rs 3.48 crores in FY 2019-20 from Rs 0.68 crores in FY 2018-19. The USA business is now a major contributor to the consolidated business with 22% of Consolidated net revenue in FY 2019-20 and 70% of net profits.

Our Digital / eCommerce India business Revenue grew 250% to Rs 3.01 crores in FY 2019-20 vs Rs 0.68 crores in previous year. We continue to expect strong growth in FY 2020-21 and beyond. While margins are low, we expect this to increase as the volume grows. The Digital USA business is being launched in October 2020 and we are optimistic about the growth opportunity there too and expect it to be a significant revenue and profit contributor to the USA business.

The onset of COVID makes future projections uncertain. However, we expect to thrive in the post-COVID world, since Ayurveda is clearly seen as a **Comprehensive, Integrated, Potent, 'Natural', Mainstream, Science-based solution** with well documented ancient wisdom from 5,000 years ago. Your company is uniquely positioned in that it has strengths in products, both classical and proprietary, services and also education. Your company is one of the most awarded Ayurveda companies anywhere!!

Our over 2,000 strong Student alumni in the USA will be a powerful resource to take forward the Kerala Ayurveda message to mainstream USA. Our alumni have 'graduated' in our Certified courses ranging from 625 hrs to 2,500 hrs of Ayurveda education approved by California State Board of Public and Private Education. This coupled with our launch of 148 products, many of which meet California PROP65 Quality standards (amongst the highest quality standards anywhere in the world), offer promise for the future. We expect the USA business to be a major focus for us.

We are gearing up to prepare for a challenging FY 2020-21, where the COVID impact will be severe. Short term cost optimisation and relentless focus on cash management will ensure business viability, as we move to transform the company to being consumer centric, in addition to retaining its current strength with Doctors. We will aggressively move fixed costs to variable costs to allow greater flexibility and ability to react to the changing environment.

It is a source of great satisfaction that despite your company being challenged by the Kerala floods in 2018 and now from COVID, our team work amongst staff and the entire value chain has grown strong. We will strive to build on this solidarity.

14th August 2020

Ramesh Vangal
Chairman

KERALA AYURVEDA LTD

CIN: L24233KL1992PLC006592

Regd.Off: VII/415, Nedumbassery, Athani PO, Aluva 683 585

Ph: 0484-2476301(4 lines) Fax: 0484-2474376

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Kerala Ayurveda Limited (CIN:L24233KL1992PLC006592) will be held on Wednesday, 30th September, 2020 at 11 a.m. through Video Conferencing to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020, together with the reports of the Board of Directors and Auditor's thereon.
 - b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 together with the report of the Auditor's thereon.
2. To appoint a Director in place of Mr. Ramesh Vangal (DIN: 00064018), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. **Re-appointment of Mr. Kshiti Ranjan Das (DIN: 07212449), as an Independent Director of the Company**

To consider and if thought fit, to pass the following resolution as a **“Special Resolution”**:

“RESOLVED THAT pursuant to the applicable provisions of Sections 149,150 and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16(1)(b) and Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof, for the time being in force), Articles of Association of the Company, the approval of the members of the Company be and is hereby accorded to re-appoint Mr. Kshiti Ranjan Das (DIN: 07212449),as Independent Director of the Company and in respect of whom the company has received notice in writing under Section 160 of the Companies Act, 2013, from a member proposing him as a director, be and is hereby re-appointed as an independent director of the company for a period of five years with effect from 6th November, 2020 to hold office up to 5th November, 2025 not liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby

authorised to do all such acts, deeds, matters and things as may be necessary, and to execute all such documents, instruments and writings as may be required, proper or expedient, to give effect to this resolution and the Board may, by a resolution, delegate the aforementioned powers to any committee of directors, director(s) or any other officer(s) of the Company on such conditions as the Board may prescribe.”

4. To renew the related party agreement with Ayurvedagram Heritage Wellness Centre Private Limited

To consider and if thought fit, to pass the following resolution as a **“Special Resolution”**:

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions if any of the Companies Act, 2013 (the Act) read with the Companies (Meeting of the Board and its powers) Rules, 2014 and read with Clause 23(4) of the SEBI(LODR) Regulations, 2015 and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company is hereby accorded to the Board of Directors to enter into an agreement with M/s. Ayurvedagram Heritage Wellness Centre Private Limited. for the sale of medicines upto Rs.500 lacs during the period 01.04.2020 to 31.03.2023 with a discount upto 15% on MRP as resolved by the Board of Directors in its meeting held on 14th August, being beneficial to the company.

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

Order of the Board of Directors

For Kerala Ayurveda Limited

Sd/-

B.R. Ashitha

Company Secretary

Place: Bengaluru

Date: 14th August, 2020

Notes:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively “MCA Circulars”), permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means, subject to compliance of various conditions mentioned therein. In compliance with the MCA Circulars and applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015, the 28th AGM of the Company is being convened and conducted through Video Conferencing.

2. The Explanatory Statement pursuant to section 102(1) and (2) of the Companies Act, 2013 in respect special Business to be transacted at the Meeting is annexed hereto.
3. Register of Members and the Share Transfer Books will remain closed from **Thursday, 24th September, 2020 to Wednesday, 30th September, 2020** (both days inclusive).
4. Corporate Members intending to permit their authorised representative(s) to attend the Meeting through Video Conferencing are requested to send to the Company a certified True Copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the Board Resolution to attend and vote on their behalf at the AGM.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through Video Conferencing and cast their votes through e-voting.
6. Pursuant to Section 160 of the Act, as amended by the Companies (Amendment) Act, 2017, the requirement of deposit of rupees one lakh shall not be applicable in case of appointment Independent Directors or Directors recommended by Nomination and Remuneration Committee.
7. In line with the MCA Circulars, the notice of the 28th AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at www.keralaayurveda.biz under "Investor Section", websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com
8. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, M/s. Integrated Registry Management Services Pvt. Ltd. Kences Towers No.1 Ramakrishna Street T Nagar, Chennai - 600 017.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH 13 prescribed by the Government can be obtained from the Registrar and Transfer Agent or the Secretarial Department of the Company at its Registered Office.
10. 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 600 017, Ph: 044-28140801 to 03 Fax: 044- 28142479, E-mail: csdstd@integratedindia.in with a copy to the company's registered office and quote their folio number/client ID number.

11. 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.
12. Shareholders intending to make queries at the AGM on any aspect of the working of the company, on the published accounts or on the Directors' Report may send an email to companysecretary@keralaayurveda.biz latest by 25th September, 2020.
13. As the 28th AGM is being held through Video Conference, the route map is not annexed to this Notice.

14. VOTING THROUGH ELECTRONIC MEANS

- In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide members facility to exercise their right to vote at the Twenty Eighth Annual General Meeting (AGM) by electronic means and the business may be transacted through e voting services provided by Central Depository Services (India) Ltd (CDSL). The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by CDSL.
- The Members can join the AGM in the Video Conferencing mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through Video Conferencing will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- The attendance of the Members attending the AGM through Video Conferencing will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013
- The members who have cast their vote by e-voting prior to AGM may also attend the AGM but shall not be entitled to cast their vote again.

15. The Process And Instructions For Remote E-Voting Are As Under:

- i. The e-voting period begins on Sunday, 27th September, 2020 (9.00 a.m.) and ends on Tuesday, 29th September, 2020 (5.00 pm). The remote e-voting facility will be blocked thereafter. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Wednesday, 23rd September, 2020 (being cut off date), may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The e-voting module shall be disabled by CDSL for voting thereafter. The member who has voted by Remote e-voting, cannot vote at the meeting.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting
- iii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iv. Click on Shareholders.
- v. Enter your User ID
- vi. For CDSL: 16 digits beneficiary ID,
- vii. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
- viii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- ix. Next enter the Image Verification as displayed and Click on Login.
- x. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- xi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

| | |
|---|--|
| <p>PAN</p> | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA..</p> |
| <p>Dividend Bank Details OR Date of Birth (DOB)</p> | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p> |

- xii. After entering these details appropriately, click on “SUBMIT” tab
- xiii. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xiv. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xv. Click on the EVSN (Electronic Voting Sequence Number) 200905062 for the relevant <Company Name> Kerala Ayurveda Limited., on which you choose to vote.
- xvi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xvii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xviii. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xix. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote

- xx. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xxi. If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xxii. Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

16. Process For Those Shareholders Whose Email Addresses Are Not Registered With The Depositories For Obtaining Login Credentials For E-Voting For The Resolutions Proposed In This Notice:

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to RTA email id **csdstd@integratedindia.in**
- ii. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to RTA email id **csdstd@integratedindia.in**

17. Instructions For Shareholders attending the AGM through Video Conferencing are as under:

- i. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- ii. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- iii. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

- iv. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 2 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 2 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
- vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

18. Instructions for Shareholders for E-Voting during the AGM are as under:-

- i. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for Remote e-voting.
- ii. Only those shareholders, who are present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
- iii. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- iv. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

19. Note for Non – Individual Shareholders and Custodians

- i. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are

required to log on to www.evotingindia.com and register themselves as Corporates.

- ii. A Scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- iii. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- iv. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- v. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- vi. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; companysecretary@keralaayurveda.biz, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

- 20.** If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

- 21.** If a person who is not a member on cutoff date receives this notice, he has to treat this notice for information purposes only and he will not be able to e-vote.
- 22.** Mr. P. D.Vincent, Managing Partner, SVJS & Associates, Company Secretaries, Kochi-682017 has been appointed as the Scrutinizer to scrutinize the e-voting and poll process in a fair and transparent manner.
- 23.** The Scrutinizer shall immediately after conclusion of E- voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the company. The Scrutinizer shall submit a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, within 48

hours of the conclusion of the AGM, to the Chairman of the Company. Thereafter, the Chairman or any other person authorized by the Chairman, shall declare the result of the voting forthwith.

24. The results declared along with the Scrutinizer's report shall be placed on the Company's website www.keralaayurveda.biz and on the website of CDSL immediately after the result is declared by the Chairman or any other person authorized by the Chairman and will be communicated to the Bombay Stock Exchange on which the company's equity shares are listed.

Explanatory Statement in respect of the Special Business Pursuant to Section 102 of the Companies Act, 2013.

Item No.3

The Board of Directors of the Company at its meeting held on 14th August, 2020, considered the appointment of Mr. Kshiti Ranjan Das as the Independent Director appointed for a term of 5 years with effect from 6th November, 2020, subject to the approval of the Members of the Company. In terms of section 160 of the Companies Act, 2013, the Board Governance, Nomination and Compensation Committee and the Board have recommended the appointment of Mr. Kshiti Ranjan Das as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013. The Company has received a declaration from Mr. Kshiti Ranjan Das confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Kshiti Ranjan Das's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. In the opinion of the Board, Mr. Kshiti Ranjan Das fulfils the conditions specified in the Companies Act, 2013 and rules made there under and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his appointment as an Independent Director of the Company and he is independent of the management.

Considering Mr. Kshiti Ranjan Das as a deep repository of knowledge and experience and as a strong votary of the highest standards of corporate governance, the Board of Directors is of the opinion that it would be in the interest of the Company to re-appoint him as an Independent Director for a further period of five years with effect from 6th November, 2020.

Additional information in respect of Mr. Kshiti Ranjan Das, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given at Annexure below to this Notice. Except Mr. Kshiti Ranjan Das, being the appointee, or his relatives, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise.

The Board of Directors recommends the resolution in relation to appointment of Mr. Kshiti Ranjan Das as an Independent Director of the Company, as set out in Item No. 3 for approval of the members by way of a Special Resolution.

Item No.4

M/s Ayurvedagram Heritage Wellness Centre Private Limited is the subsidiary company of Kerala Ayurveda Limited, in which your company holds 74% of share capital, based in Karnataka it is a wellness provider company with inpatient and outpatient facilities. We are currently providing 15% discount to this company as per the agreement with the party. Hence, we plan to renew the agreement with Ayurvedagram being our subsidiary.

The Board of Directors in its meeting dated 14th August, 2020 resolved to execute an agreement with Ayurvedagram Heritage Wellness Centre Private Limited for the sale of medicines with a discount upto 15% on MRP for a period of 3 years with effect from 01.04.2020.

As per Section 188 of the Companies Act 2013, the company shall not enter into a contract or arrangement with any related party except with the prior approval of the company by a special resolution if they are not in the ordinary course of business and not on arm's basis. Mr. Ramesh Vangal, (DIN 00064018), Chairman, Mr.Anand Subramanian, (DIN 00064083), and Mr. S.Krishnamurthy, (DIN 00140414) Directors of the company are concerned or interested, in the resolution as they are directors of Ayurvedagram Heritage Wellness Centre, subsidiary of Kerala Ayurveda Limited. They are not holding any shares or beneficial interest in Ayurvedagram Heritage Wellness Centre Private Limited

The Board of Directors recommends this resolution for the approval of the shareholders.

ANNEXURE PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS,2015 AND SECRETARIAL STANDARD 2 ISSUED BY ICSI, SHOWING INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED IS FURNISHED BELOW:

| | |
|--|---|
| Mr. KSHITI RANJAN DAS | Non-Executive Director |
| DIN | 07212449 |
| Date of the first appointment at the Board | 06.11.2015 |
| Date of Birth/Age | 11.01.1955/65 Years |
| Qualification | Masters in Financial Management from Jamnalal |

| | |
|--|--|
| | Bajaj Institute of Management Studies. Masters degree in Arts and Bachelors in Law. |
| Terms and conditions of appointment | Appointed as Non-Executive Director (Independent). He will not be liable to retire by rotation. |
| Nature of expertise in specific functional areas | Mr. Kshiti Ranjan Das has served 33 distinguished years at the Reserve Bank of India in various capacities. He was head of the Regional Office of Reserve Bank of India during the eventful period of separation of Andhra Pradesh and Telangana states.. He was one of the key persons of the team that handled the critical Debt waiver issue announced by the CMs of both the states. Amongst other important projects, he was involved in 'initiating the process of tax receipts on Core Banking Solution Platform for UP and Uttarakhand', 'E- receipt portal for Commercial tax department of Karnataka'.He was the Banking Ombudsman for the seven states of the North East for three years. He also served as the Nominee Director of RBI on the Board of Syndicate Bank amongst other banks. |
| Directorship in other Companies | 1. Shriram Asset Management Company Limited |
| Chairman /Member of the Committee of the Board of Directors of the Company | 1. Audit Committee- Member 2. Nomination and Remuneration Committee- Member |
| Chairman /Member of the Committee of other Companies in which he is a Director | Nil |
| Shareholding in the Company(equity shares of Rs. 10 each) | Nil |
| Number of Meetings of the Board attended during the year 2019-20 | Attended 5 out of 5 meetings held |
| Relationship with other directors, manager and other KMPs of the Company | Nil |
| Remuneration last drawn | Rs.2,50,000 as sitting fee |

| | |
|--|---|
| Mr. RAMESH VANGAL | Non-Executive Director |
| DIN | 00064018 |
| Date of the first appointment at the Board | 02.09.2006 |
| Date of Birth/Age | 28.07.1954/66 Years |
| Qualification | Engineering degree from IIT, Mumbai MBA from London Business School |
| Nature of expertise in specific functional areas | Experienced and successful professional with demonstrated leadership in promoting and growing businesses. Founder and Chairman of the Scandent Group and Katra Group. He was Chairman of Seagram Asia Pacific and President, Asia Pacific for PepsiCO Foods and a member of PepsiCo's Worldwide Executive Council. He also served the Board of Infosys Technologies Limited. |
| Directorship in other Companies | <ol style="list-style-type: none"> 1. Katra Wilhelmsen Logistics Private Limited 2. Global Nutrifood Private Limited 3. Global Agri System Private Limited 4. Segrow Bio-Technics (India) Private Limited 5. Mason And Summers Marketing Service Private Limited 6. Mason And Summers Leisure Private Limited 7. Mason And Summers Alcobev Private Limited 8. Katra Holding Private Limited 9. Ayurvedagram Heritage Wellness Centre Private Limited 10. Katra Phytochem (India) Private Limited 11. Arudrama Developments Private Limited |
| Chairman /Member of the Committee of the Board of Directors of the Company | Nomination and Remuneration Committee-Member |
| Chairman /Member of the Committee of other Companies in which he is a Director | Nil |
| Shareholding in the Company (equity shares of Rs. 10 each) | Nil |

| | |
|--|-----------------------------------|
| of Rs. 10 each) | |
| Number of Meetings of the Board attended during the year 2019-20 | Attended 5 out of 5 meetings held |
| Relationship with other directors, manager and other KMPs of the Company | Nil |
| Remuneration last drawn | Nil |

By Order of the Board of Directors
For Kerala Ayurveda Limited

Sd/-

B.R.Ashitha

Company Secretary

Place: Bengaluru

Date: 14th August, 2020

BOARD'S REPORT

To,

The Members

Your Directors have the pleasure in presenting the 28th Annual Report on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended 31st March, 2020

FINANCIAL RESULTS

The Company's financial performance during the year 2019-20 as compared to the previous year 2018-19 is summarized below: (in Lakhs)

| Particulars | Standalone | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Product Revenues | 4428.41 | 3881.57 | 4763.7 | 4108.34 |
| Service Revenues & Other Income | 940.05 | 792.95 | 2913.62 | 4347.93 |
| Gross Income | 5368.47 | 4674.52 | 7677.32 | 6235.39 |
| Less: VAT & Excise Duty | 360.39 | 315.34 | 360.39 | 315.34 |
| Net Income from Sales/Services | 5008.08 | 4359.18 | 7316.93 | 5920.05 |
| Profit before Interest, Depreciation & Tax (EBITDA) | 311.50 | 311.42 | 722.85 | 522.88 |
| Profit before extraordinary items and tax | 121.57 | 47.16 | 453.75 | 181.89 |
| Extra Ordinary items | 0 | 127.91 | 0 | 127.91 |
| Profit Before Tax | 121.57 | 175.07 | 453.75 | 309.80 |
| Net Profit/Loss after tax | 87.68 | 119.87 | 405.33 | 252.33 |
| Minority interest in Profit | 0 | 0 | 15.59 | 7.87 |
| Other Comprehensive Income | 30.1 | (6.53) | (102.84) | (130.78) |
| Net Consolidated Profit/Loss | 117.78 | 113.34 | 286.88 | 113.68 |
| Loss Brought forward from previous year | (914.94) | (496.92) | (2422.82) | (1473.77) |
| Loss Carried to the Balance Sheet | (797.15) | (914.94) | (1471.62) | (1891.45) |

REVIEW OF OPERATIONS

During the Financial Year under review, the operational results ended with a profit before Extraordinary items of Rs.121.57 Lakhs as against Rs. 47.16 Lakhs during previous year. The Net revenue of the company stands at Rs.5384.11 Lakhs as against Rs.4674.52 Lakhs during previous year showing a growth of 15.24%. The consolidated net revenue including its subsidiaries for current year is Rs.7679.30 Lakhs against Rs. 6235.39 Lakhs during the previous year resulting in a growth of 23.15%.

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

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

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

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Your company has seven subsidiaries including one step down subsidiary as on 31stMarch, 2020 and the details are as under:

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

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

HIGHLIGHTS ON PERFORMANCE OF SUBSIDIARIES

➤ **Indian Subsidiary**

During the year under review, M/s.Ayurvedagram Heritage Wellness Centre Private Limited. has achieved a turnover of Rs.842.27 lakhs as against Rs.775.40 lakhs in the previous financial year. Accordingly, the EBITDA of the company is Rs.154.20 against Rs.109.17 lakhs in the previous year.

➤ **Overseas Subsidiaries**

The combined turnover of overseas subsidiaries was Rs.1704 Lakhs as compared to Rs. 930Lakhs in the previous year. The performance of each of the subsidiaries of the Company is mentioned below:

a) Ayurvedic Academy Inc

The turnover of Ayurveda Academy Inc during the financial year 2019-20 was Rs.1,516.73 Lakhs as compared Rs. 811.59 Lakhs in the previous year. The profit of the subsidiary after taxes was Rs. 351.95 Lakhs as compared to Rs. 66.56 Lakhs in the previous year. Kerala Ayurveda Academy is currently offering certified courses in the state of Washington and California and also offers a distant learning course across USA.

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

The turnover of Suveda Inc. during the financial year 2019-20 was Rs. 187.28 Lakhs as compared Rs. 117.97 Lakhs in the previous year. The subsidiary incurred a loss of Rs. 145.44 Lakhs as compared to a profit of Rs 3.34 Lakhs in the previous year.

c) Ayu Natural Medicine Clinic, PS, USA,

The turnover of Ayu Natural Medicine Clinic , P S, USA was nil during the financial year 2019-20 and in the previous year. The subsidiary has not earned any profit in the financial year 2019- 20 and in the previous year

d) CMS Katra Holdings LLC, USA,

The turnover of CMS Katra Holdings LLC, USA was nil during the financial year 2019-20 and in the previous year. The subsidiary has not earned any profit in the financial year 2019-20 and in the previous year

e) CMS Katra Nursing LLC, USA

The turnover of CMS Katra Holdings LLC, USA was nil during the financial year 2019-20 and in the previous year. The subsidiary has incurred a loss of 29.97 Lakhs as compared to the previous year loss of 3 Lakhs in the previous year

f) Nutraveda Pte Ltd

The turnover of Nutraveda Pte Ltd was nil during the financial year 2019-20 and in the previous year. The subsidiary has not earned any profit in the financial year 2019-20 and in the previous year

CONSOLIDATED FINANCIAL STATEMENTS

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

It shall also be made available on the website of the Company www.keralaayurveda.biz/investor-relationships/ under the “Investor” Tab.

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

During the financial year ended 31st March, 2020, no entity has become or ceased to be a subsidiary, joint venture or associate of the Company.

DIVIDEND

With a view to conserve the resources for future business requirements of the Company, the Board of Directors decided not to recommend any dividend on equity shares for the year ended 31st March, 2020.

RESERVES

The company does not propose to transfer any amount to reserves during the period. At the end of the year, the Other equity of the company is Rs.411.39 Lakhs as against Rs. 293.60 Lakhs of the previous year. During the year the company earned a net surplus of Rs.117.78 Lakhs.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of the Company during the financial year ended 31st March, 2020

DIRECTORS& KEY MANAGERIAL PERSONS:

Appointment / Reappointment / Resignation of Directors/Retirement of Directors

Retirement of Directors

Pursuant to the provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, Mr. Subramaniam Krishnamurthy, Ms. Shailaja Chandra and Mr. Gokul Patnaik retired with effect from the close of business hours on 1st April 2019, 16th June 2019 and 30th June 2019 respectively and were subsequently appointed at the Annual General Meeting with effect from 24th September, 2019.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, and in terms of Articles of Association of the Company, Mr. Ramesh Vangal (DIN 00064018) , Director of the company retires by rotation at ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board of Directors recommends his re-appointment.

Resignation of Directors

Mr. Naman Gurumurthi Joshi (DIN: 06862230) resigned the Company with effect from 13th February, 2020 and Mr. Madireddi Chandran Mohan (DIN: 00633439) resigned from the office with effect from 1st April, 2019

Appointment of Director

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

Ms. Shailaja Chandra (DIN: 03320688), Mr. Gokul Patnaik (DIN: 00027915) and Mr. Subramaniam Krishnamurthy (DIN: 00140414) were appointed in the Annual General Meeting held on 24th September, 2019 at the current designations.

Brief resume of the Independent Director seeking re-appointment along with other details required are provided in the notice of the 28th Annual General Meeting of the Company. Appropriate resolution for their appointment is being placed for approval of the members at the ensuing Annual General Meeting.

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

Retirement by rotation

Mr. Ramesh Vangal, (DIN 00064018), will retire by rotation at the ensuing Annual General Meeting of the company and being eligible has offered himself for re-appointment.

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

Appointment and resignation of Key Managerial Personnel

Ms. Surbhi Sharma resigned from the post of Company Secretary of Kerala Ayurveda Limited with effect from 15th November, 2019. Ms. B.R. Ashitha was appointed as the Company Secretary of the Company by the Board of Directors with effect from 30th June, 2020.

MEETINGS OF THE BOARD OF DIRECTORS

An annual calendar of Board and Committee Meetings planned during the year were prepared and circulated in advance to the Directors. During the year Five Board Meetings, four Audit Committee Meetings, One Nomination Remuneration Committee meetings and Three Stakeholders Relationship Committee meetings were convened and held. The details of meeting & attendance are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. During the financial year 2019-20, the Board of Directors of the Company met on the following dates-29th May, 2019; 12th August, 2019; 24th September, 2019; 13th November, 2019; 13th February, 2020

Further, separate meeting of Independent Directors of the Company was held on 13th November, 2019 where the prescribed items enumerated under Schedule IV to the Companies Act, 2013 and clause 25(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were discussed.

DECLARATION BY INDEPENDENT DIRECTOR(S)

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

FAMILIARIZATION PROGRAMME OF INDEPENDENT DIRECTORS

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

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

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

In terms of the first proviso to Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested

in obtaining the same may write to the Company Secretary. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company up to the date of the 28th Annual General Meeting.

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

BOARD EVALUATION

Pursuant to the provisions of The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

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

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

PARTICULARS OF AUDITORS:

1. Statutory Auditors

M/s. Maharaj Rajan & Mathew. (Firm Registration No. 01932S), Chartered Accountants, was appointed as the Statutory Auditors of the Company at the AGM held on 24th September, 2019 for a term of five consecutive years from the conclusion of the 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting.

The Report given by the Statutory Auditors on the standalone financial statements of the Company and the consolidated financial statements of the Company for the financial year ended March 31, 2020 forms part of this Annual Report. There have been no qualifications, reservation, adverse remarks or disclaimer given by the Statutory Auditors in their Report which calls for any explanation.

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

2. Secretarial Auditors

M/s. SVJS & Associates, a firm of practicing Company Secretaries (“Secretarial Auditors”), carried out the secretarial audit of compliance with the Act and the rules made there under, the Listing Regulations and other applicable regulations as prescribed by SEBI, Foreign Exchange Management Act, 1999 and other laws specifically applicable to the Company. The Secretarial Audit Report in **Form MR-3** for the financial year under review is attached to this Report as **Annexure 4**. The said report does not contain any qualification, reservation or adverse mark or disclaimer made by the Secretarial Auditors, except that **(i)** The Corporate Governance Report for the Quarter ended 31st December 2019 to be submitted within 15 days from the end of the quarter. However, the same was submitted on 16th January 2020 and the fine with respect to the same was paid. The Company will ensure that all the future compliances are done in time. **(ii)** The statement on investor complaints was not submitted within the period prescribed under Regulation 13 (3) for the quarter ended 31.03.2019. The fine imposed by the Bombay Stock Exchange was paid **(iii)** The limited review and audit reports are given by an auditor who has not subjected himself to the peer review process of Institute of Chartered Accountants of India as per Regulation 33 (1) (d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors on the recommendation of the Audit Committee has appointed M/s. Maharaj Rajan & Mathew, Chartered Accountants, (Firm Registration No. 01932S) as the Statutory Auditors of the Company for a term of five consecutive years from the conclusion of 27th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company. The proposed Auditors possess a peer review certificate issued by Institute of Chartered Accountants of India. **(iv)** Company Secretary who was appointed on 29.05.2019 ceased to hold office with effect from 15.11.2019 and a new Company Secretary was to be appointed within 6 months from the date of resignation. However, the appointment was made on 30.06.2020 i.e., beyond 6 months from the date of resignation. **(v)** As per Regulation 17 (1) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 board of directors shall have at least one woman director. The Woman director ceased on 16.06.2019 and was appointed on 24.09.2019.

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

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

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

3. Cost Auditors

According to Companies (Cost Records and Audit) Rules, 2014, your Company is not required to get the cost audit done for the financial year 2019-20. The Company has maintained cost records for the financial year 2019-20.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

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

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

RISK MANAGEMENT POLICY

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

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

CREDIT RATING

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

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

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

CORPORATE SOCIAL RESPONSIBILITY

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

COVID-19 IMPACT

| | Particulars | Impact |
|----|--|---|
| 1. | Impact of the COVID-19 pandemic on the business and operations | The outbreak of COVID-19 pandemic is resulting in an economic slowdown all over the world. The regular business operations have been disrupted severely due to lockdowns, restrictions in transportation, supply chain disruptions, travel bans, social distancing and other emergency measures. The Lockdown started from 22nd March 2020 and we were able to open our outlets in the 1st week of April by taking precautionary measures and by following social distancing norms as prescribed by Government. Partial production started from 18th May onwards and continued to operate with single shift. Our Health Resorts Ayurvedagram and The Health Village are affected severely and occupancy is less than 10%. |
| 2. | Measures taken for smooth functioning of operations | The Company has put in place strict monitoring process for Covid-19 precautions ensuring the following: - <ul style="list-style-type: none"> ▪ Sanitizing the premises on regular basis - Sanitize every employee, when they come at office/factory ▪ Providing work from home facility to employees , wherever |

| | | |
|----|---|---|
| | | <p>possible</p> <ul style="list-style-type: none"> ▪ Maintenance of social distancing at all work places ▪ Mandate masks and hand gloves to all the employees ▪ Asking all employees to install Aarogya Setu App ▪ The Company has been regularly conducting awareness programs for all its employees. |
| 3. | Future impact of CoVID-19 on operations | <p>The Company has resumed its operations with partial lifting of lockdown from May. However, considering the current CoVID-19 situation there has been re introduction of lockdown in certain parts of Bangalore and Kerala and hence the utilization capacity is still below the normal levels.</p> <p>Hence, it is a bit early to assess the future impact with reasonable certainty</p> |
| 4. | Impact details of CoVID-19 | <ul style="list-style-type: none"> ▪ Capital and Financial Resources: The Company, in the normal course of its business, may raise/obtain financial resources/facilities, from time to time. Income from services to foreigners is unpredictable in the present scenario. ▪ Profitability Despite of the impact of the pandemic, the Company had to continue to incurring fixed expenses like salaries, rent etc. which affecting overall profitability of the Company and that effect would be impacted for the coming two quarters of the Company. However, employees accepted reduction in salary. Rent at most of the places was discounted by the landlords. Staff Accommodations were closed at various locations due to work from home. Some suppliers were ready to give the raw materials without considering the outstanding. ▪ Liquidity |

There is possibility of liquidity tightness as a result of extension in credit period granted to customers, timely payment to service providers and staff.

- **Assets**

As per our internal assessment, the Company does not foresee major risk to recoverability of assets such as inventories, investments, receivables etc. though there has been some delay in collection of receivables.

- **Internal Financial Reporting and Control**

The Company evaluated the internal controls including internal controls with reference to financial statements, which have been found to be operating effectively, given that there have been no dilution of such controls due to factors caused by COVID 19 situation.

- **Supply Chain**

The company had started production at lower capacity but then after increased gradually and is expected to improve logistics and supply chain despite the challenges which still remains such as inter-state restrictions due to partial lockdown conditions in various states.

- **Demand for Product/Services**

The company is engaged in manufacturing of Ayurvedic products. The sales is expected to increase considering the requirement immunity boosters sold by the Company

- **Debt Servicing and Financing arrangements**

The Company has taken debt moratorium benefit offered by the government for its current loans, apart from that company is capable to meet its day to day Financial requirements.

| | | |
|--|--|--|
| | | <ul style="list-style-type: none"> ▪ Existing contracts / agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business: <p>The Company is confident of fulfilling its obligations under the various existing contracts/ arrangements. The Company does not foresee any major impact on the Company's business due to the non-fulfillment of its contractual obligations by any party on account of COVID 19 pandemic, unless the production process is not interrupted completely or the sales outlets are closed due to complete lockdown</p> |
|--|--|--|

DEPOSITS

In terms of the provisions of Section 73 of the Companies Act, 2013, the company has not accepted any deposits from the public during the financial year under review and there are no outstanding fixed deposits from the public as on 31 March 2020.

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

EXTRACT OF ANNUAL RETURN

As required under Section 92(3) of the Companies Act, 2013, an extract of Annual Return in Form MGT9 is provided as **Annexure 5** and is uploaded on the website of the Company at <https://www.keralaayurveda.biz/investor-relationships>

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts or arrangements entered into by the Company with related parties referred to in subsection (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under that proviso attached as **Annexure 6 in Form AOC-2** forms an integral part of this report. All related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained before the commencement of the new financial year, for the transactions which are repetitive in nature and also for the transactions which are not foreseen.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the

- company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - d. the directors had prepared the annual accounts on a going concern basis;
 - e. the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively, and
 - f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

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

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

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

HUMAN RESOURCES

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

RESEARCH AND DEVELOPMENT

The Research and Development (R&D) Center of KAL is engaged in comprehensive research on optimization of the process and new proprietary product development. In 2019-20, KAL had done a preclinical study of Glymin Atta which showed promising results. We have undertaken a CTRI registered clinical trial for Glymin Atta diet infused with proprietary K10 herbal formula, to study the effect of the said diet in Blood glucose levels. The study is now complete and is awaiting publication. We have also done few other clinical trials namely that of Cervigest & Lumbagest. The clinical study of Cervigest was to assess the effect of the product in cervical Spondylosis and Lumbagest for Lumbar Spondylosis. Both these studies showed that the products has significant efficacy in their indicated areas of pathology. 3 new products for enhancing immunity are in pipeline. We have launched 21 organic products with NOP and NPOP certification by Government of India. Formulated AYUSH kwath Choornam & Hand Sanitiser for Covid 19 prevention.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

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

LISTING WITH STOCK EXCHANGES

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

ACKNOWLEDGMENTS

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

Place: Bangalore

By Order of the Board of Directors

Date: 14th August, 2020

For Kerala Ayurveda Limited

Sd/-

Ramesh Vangal

Chairman (DIN00064018)

**Annexure-1
FORM AOC-1**

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

PART "A":Subsidiaries

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

| | Subsidiary 1 | Subsidiary 2 | Subsidiary 3 | Subsidiary 4 | Subsidiary 5 | Subsidiary 6 | Subsidiary 7 |
|---|--|-----------------------|--|---------------------------------------|----------------------------|---------------------------|-------------------|
| Name of the subsidiary | Ayurvedagram Heritage Wellness Centre Pvt Ltd. | Ayurvedic Academy Inc | Suveda Inc. (formerly known as Nutraveda Inc.) | Ayu Natural Medicine Clinic, P S, USA | CMS Katra Holdings LLC USA | CMS Katra Nursing LLC USA | Nutraveda Pte Ltd |
| The date since when subsidiary was acquired | 29.03.2004 | 04.05.2008 | 04.05.2008 | 04.05.2008 | 09.10.2008 | 12.10.2008 | 24.06.2009 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 | 31.03.2020 |
| Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | INR | US \$ 1US\$= 75.64 | US \$ 1US\$= 75.64 | US \$ 1US\$= 75.64 | US \$ 1US\$= 75.64 | US \$ 1US\$= 75.64 | SGD 1SGD=53.01 |
| Share capital | 225.00 | NIL | NIL | NIL | 0.75 | 7.56 | 3.29 |
| Reserves & surplus | 441.07 | (525.81) | (785.43) | (935.45) | (350.41) | (860.14) | 0 |
| Total assets | 1239.39 | 1634.78 | 1450.16 | 0.024 | 1003.54 | 0.18 | 8.77 |
| Total Liabilities | 1239.39 | 1634.78 | 1450.16 | 0.024 | 1003.54 | 0.18 | 8.77 |
| Investments | 0 | 0 | 0 | 0 | 68.15 | 0 | 0 |
| Turnover | 842.27 | 1516.73 | 187.28 | 0 | 0 | 0 | 0 |
| Profit before taxation | 74.53 | 351.94 | (145.44) | 0 | 0 | 0 | 0 |
| Provision for taxation | 15.11 | 0 | 0 | 0 | 0 | 0 | 0 |
| Profit after taxation | 59.42 | 351.94 | (145.44) | 0 | 0 | 0 | 0 |
| Proposed Dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Extent of shareholding(in percentage) | 74 | 100 | 100 | 100 | 81.67 | 100 | 100 |

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

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

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

| | |
|---|-----------------------|
| Name of Associates/Joint Ventures | Not applicable |
| Latest audited Balance Sheet Date | |
| Date on which the Associate or Joint Venture was associated or acquired | |
| Shares of Associate/Joint Ventures held by the company on the year end | |
| No. | |
| Amount of Investment in Associates/Joint Venture | |
| Extent of Holding(%) | |
| Description of how there is significant influence | |
| Reason why the associate/joint venture is not consolidated | |
| Net worth attributable to Shareholding as per latest audited Balance Sheet | |
| Profit / Loss for the year | |
| <ul style="list-style-type: none"> i. Considered in Consolidation ii. Not Considered in Consolidation | |

Mathew Joseph, B.Com, FCA, DISA

Membership No. 022658

For MAHARAJ RAJAN & MATHEW

Chartered Accountants

FRN: 001932S

Date: 14/08/2020

Place: Bangalore

By order of the Board of Directors

For Kerala Ayurveda Limited

Sd/-

Ramesh Vangal, Chairman (DIN: 00064018)

ANNEXURE 2

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

| SL | Requirements | Disclosure |
|----|---|---|
| 1 | The ratio of remuneration of each director to the median remuneration of the employees for the financial year | Employee/ WTD 1:9.5 |
| 2 | The percentage increase in remuneration of each Director, CFO, CS in the Financial Year | ED-0%, CS-0%, CFO-0% |
| 3 | The percentage increase in the median remuneration of employees in the financial year | 5.60% |
| 4 | The number of permanent employees on the rolls of the Company | 372 |
| 5 | Average percentile increase already made in the salaries of employees other than the managerial personnel and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | 13% There are no exceptional circumstances for the increase. |
| 6 | Affirmation that the remuneration is as per the remuneration policy | Yes |

Note: No employee was in receipt of remuneration of more than rupees One Crore and Two lakhs for the FY 2019-20 in aggregate. No employee who was employed for part of the year was in receipt of remuneration of more than Rupees Eight Lakhs and Fifty Thousand Per month for the FY 2019-20 as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

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

Place: Bangalore

Date: 14/08/2020

Sd/-

**Ramesh Vangal
Chairman (DIN 00064018)**

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

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

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

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

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

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

A.2.Scope of Application:

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

A.3.Policy Statement:

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

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

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

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

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

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

B.1.Appointment Criteria and qualifications:

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

B.2.Term/Tenure:

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

B.3.Removal:

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

B.3.Retirement:

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to

retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

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

C.1.General:

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

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

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

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

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

1. Fixed pay: Managerial Person, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders or /and Central Government, wherever required.
2. Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Person in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.
3. Provisions for excess remuneration: If any Managerial Person draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act,

2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

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

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

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

C.4.REMUNERATION TO OTHER EMPLOYEES

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

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

D. EVALUATION OF INDEPENDENT DIRECTORS AND THE BOARD

1. INDEPENDENT DIRECTORS

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

- a) act objectively and constructively while exercising their duties;
- b) objectively evaluate Board's performance, rendering independent, unbiased opinion
- c) exercise their responsibilities in a bona fide manner in the interest of the company;
- d) strive to Attend and participate in the Meetings.
- e) devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- f) refrain from any action that would lead to loss of his independence and inform the Board immediately when they lose their independence,

- g) assist the company in implementing the best corporate governance practices.
- h) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- i) abide by Company's Memorandum and Articles of Association, company's policies and procedures including code of conduct, insider trading guidelines etc.

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

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

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

2. NON-INDEPENDENT DIRECTORS/EXECUTIVE DIRECTORS

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

Place: Bangalore
Date: 14/08/2020

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

**Sd/-
Ramesh Vangal
Chairman (DIN 00064018)**

Annexure 4

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

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

To

The Members

KERALA AYURVEDA LIMITED

VII/415, Nedumbaserry,

Athani P.O, Aluva,

Ernakulam- 683585, Kerala

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

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

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

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

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

Newspaper advertisement on evoting was published at a shorter period than required under the Companies Act, 2013.

Annual Report and AGM Notice was sent at a shorter period than required under the Companies Act, 2013.

Fine was imposed by the Bombay Stock Exchange (BSE Limited) for a delay in submission of Corporate Governance compliance Report for the Quarter ended December 2019 within the period provided under Regulation 27 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been paid.

The vacancy in the office of the Woman director who ceased on 16.06.2019 was filled on 24.09.2019, eight days after the expiry of three months.

For the quarter ended 31.12.2019 and 31.03.2020, the Company did not have a Company Secretary as its Compliance Officer. A new Company Secretary was appointed on 30.06.2020.

We further report that:

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

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

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

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

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

- i. Public/Right/Preferential issue of shares / debentures/sweat equity;
- ii. Redemption / buy-back of securities;

- iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- iv. Merger / amalgamation / reconstruction;
- v. Foreign technical collaborations.

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

Kochi

07.09.2020

UDIN: F003067B000676201

**For SVJS & Associates
Company Secretaries**

Sd/-

**CS.Vincent P. D.
Managing Partner
FCS: 3067
CP No: 7940**

ANNEXURE A**ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE**

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

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

1. Maintenance of the secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and processes as were appropriate, to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc., wherever required. We relied on management representation where we were unable to verify the underlying documents.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2020 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

Kochi
07.09.2020
UDIN: F003067B000676201

**For SVJS & Associates
Company Secretaries**

Sd/-

**CS.Vincent P. D.
Managing Partner
FCS: 3067
CP No: 7940**

ANNEXURE – 5**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2020

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No | Name and address of the Company | CIN/ GLN | Holding/ Subsidiary/Associate | % of shares held | Applicable Section |
|--------|--|----------------------|-------------------------------|------------------|--------------------|
| 1 | Katra Holdings Ltd, Mauritius | NA | Holding | 61.52 | 2(46) |
| 2 | Ayurvedagram Heritage Wellness Centre Pvt Ltd | U74140KA203PTC031511 | Subsidiary | 74 | 2(87) |
| 3 | Suveda Inc. USA (formerly known as Nutraveda Inc.) | N A | Subsidiary | 100 | 2(87) |
| 4 | Ayu Natural Medicine Clinic PS, USA | N A | Subsidiary | 100 | 2(87) |
| 5 | Ayurveda Academy Inc., USA | N A | Subsidiary | 100 | 2(87) |

| | | | | | |
|---|-------------------------------|-----|------------|-------|-------|
| 6 | CMS Katra Holdings LLC, USA | N A | Subsidiary | 100 | 2(87) |
| 7 | CMS Katra Nursing LLC, USA | N A | Subsidiary | 81.67 | 2(87) |
| 8 | Nutraveda Pte Ltd., Singapore | N A | Subsidiary | 100 | 2(87) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category | No. of shares held at the beginning of the Year | | | | No. of shares held at the end of the Year | | | | |
|--|---|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | % Change during the Year |
| A Shareholding of Promoter and Promoter Group | | | | | | | | | |
| 1 Indian | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| a Individual/ Hindu Undivided Family | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c State Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Financial Institutions/Banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Foreign | | | | | | | | | |
| a Individual (Non-Resident/Foreign) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b Bodies corporate | 6493435 | | 6493435 | 61.52 | 6493435 | | 6493435 | 61.52 | 0 |
| c Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SUB TOTAL (2) | 6493435 | | 6493435 | 61.52 | 6493435 | | 6493435 | 61.52 | 0 |
| | | | | | | | | | |
| B Public Shareholding | | | | | | | | | |
| 1 Institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| a Mutual funds/UTI | 0 | 2976 | 2976 | 0.03 | 0 | 2976 | 2976 | 0.030 | 0 |
| b Financial Institutions/Banks | 0 | 1709 | 1709 | 0.02 | 110 | 1709 | 1819 | 0.02 | 0 |
| c Central Government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d State Government(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g Foreign Institutional Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | | | |
|----|--|----------------|---------------|-----------------|---------------|----------------|---------------|-----------------|---------------|----------|
| i | Qualified Foreign Investor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| j | Any other(specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | SUB TOTAL B(1) | 0 | 4685 | 4685 | 0.04 | 110 | 4685 | 4795 | 0.05 | 0.01 |
| | | | | | | | | | | |
| 2 | Non-Institutions | | | | | | | | | |
| a | Bodies Corporate (Indian/foreign/overseas) | 254919 | 8986 | 263905 | 2.50 | 221347 | 8986 | 230333 | 2.18 | -0.32 |
| b | Individuals (Resident/NRI/Foreign National) | | | | | | | | | |
| i | Individual shareholders holding Nominal share Capital upto Rs.1 Lakh | 1734719 | 220532 | 1955251 | 18.52 | 1674527 | 209457 | 1883984 | 17.85 | -0.67 |
| ii | Individual shareholders holding Nominal share Capital above Rs.1 Lakh | 1146575 | 656841 | 1803416 | 17.08 | 1273611 | 656841 | 1930452 | 18.29 | 1.21 |
| c | Any other(specify) | 34978 | 0 | 34978 | 0.33 | 12671 | 0 | 12671 | 0.12 | -0.21 |
| | SUB TOTAL B (2) | 3171191 | 886359 | 4057550 | 38.44 | 3182156 | 875284 | 4057440 | 38.44 | 0 |
| | Total Public Shareholding B=B(1)+B(2) | 3171191 | 891044 | 4062235 | 38.48 | 3182266 | 879969 | 4062235 | 38.48 | 0 |
| | TOTAL (A)+(B) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Shares held by Custodians and against which Depository Receipts have been issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | GRAND TOTAL (A)+(B)+(C) | 9664626 | 891044 | 10555670 | 100.00 | 9675701 | 879969 | 10555670 | 100.00 | 0 |

ii. Shareholding of Promoter

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change |
|-----------|----------------------------------|---|---------------------------------------|--|-------------------------------------|---------------------------------------|--|-------------|
| | | No. of Shares | %of total Shares of the company | %of Shares Pledged/encumber ed to total shares | No. of Shares | %of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1 | Katra HoldingsLtd., Mauritius | 6493435 | 61.52 | 87.93 | 6493435 | 61.52 | 100.00 | NIL |

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

| Sr. No | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the Year | NO CHANGE | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the | | | | |

| | |
|--|--|
| reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc. At the end of the year | |
|--|--|

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

| Sr. No | For each of the top 10 Shareholders | Opening Balance | % of shares held | Difference if any | % of difference | Closing Balance | Closing % |
|--------|--|-----------------|------------------|-------------------|-----------------|-----------------|-----------|
| 1. | Shon Randhawa PAN: AKUPR0452R | | | | | | |
| | Opening balance as on 01/04/2019 | 497642 | 4.71 | 0 | 0 | | |
| | Closing balance as on 31/03/2020 | | | | | 497642 | 4.71 |
| 2. | B. Sashikanth PAN: AADPB5742M | | | | | | |
| | Opening Balance as on 1/04/2019 | 152406 | 1.444 | 0 | 0 | | |
| | Closing Balance as on 31/03/2020 | | | | | 152406 | 1.444 |
| 3 | Equity Intelligence India Private Limited PAN: AABCE2101N | | | | | | |
| | Opening balance as on 01/04/2019 | 140000 | 1.326 | 0 | 0 | | |
| | Closing balance as on 31/03/2020 | | | | | 140000 | 1.326 |
| 4. | K. Swapna PAN :AMXPK4845Q | | | | | | |
| | Opening Balance as on 1/04/2019 | 102000 | 0.966 | 0 | 0 | | |
| | Closing Balance as on 31/03/2020 | | | | | 102000 | 0.966 |
| 5. | Krishna Kodali PAN :ADFPK4034L | | | | | | |
| | Opening Balance as on 1/04/2019 | 75000 | 0.711 | 0 | 0 | | |
| | Closing Balance as on 31/03/2020 | | | | | 75000 | 0.711 |
| 6. | Prahaladbhai M Bhagat | | | | | | |

| | | | | | | |
|--|-------|------|--------|--------|-------|-------|
| PAN : ALYPB1897K | | | | | | |
| Opening Balance as on 01/04/2019 Secondary Sale | 57025 | 0.54 | | | | |
| 05/04/2019 | | | -1801 | -0.017 | 55224 | 0.523 |
| 12/04/2019 | | | -3872 | -0.037 | 51352 | 0.486 |
| 19/04/2019 | | | -2100 | -0.020 | 49252 | 0.467 |
| 10/05/2019 | | | -2050 | -0.019 | 47202 | 0.447 |
| 17/05/2019 | | | -973 | -0.009 | 46229 | 0.438 |
| 24/05/2019 | | | -411 | -0.004 | 45818 | 0.434 |
| 31/05/2019 | | | -2817 | -0.027 | 43001 | 0.407 |
| 14/06/2019 | | | -20 | 0.000 | 42981 | 0.407 |
| 21/06/2019 | | | -730 | -0.007 | 42251 | 0.400 |
| 28/06/2019 | | | -961 | -0.009 | 41290 | 0.391 |
| 12/07/2019 | | | 158 | 0.001 | 41448 | 0.393 |
| 19/07/2019 | | | 1160 | 0.011 | 42608 | 0.404 |
| 26/07/2019 | | | -157 | -0.001 | 42451 | 0.402 |
| 02/08/2019 | | | -2345 | -0.022 | 40106 | 0.380 |
| 23/08/2019 | | | -5008 | -0.047 | 35098 | 0.333 |
| 27/09/2019 | | | -93 | -0.001 | 35005 | 0.332 |
| 04/10/2019 | | | -9369 | -0.089 | 25636 | 0.243 |
| 11/10/2019 | | | -636 | -0.006 | 25000 | 0.237 |
| 18/10/2019 | | | -815 | -0.008 | 24185 | 0.229 |
| 25/10/2019 | | | 320 | 0.003 | 24505 | 0.232 |
| 20/12/2019 | | | 25 | 0.000 | 24530 | 0.232 |
| 31/12/2019 | | | 384 | 0.004 | 24914 | 0.236 |
| 03/01/2020 | | | -50 | 0.000 | 24864 | 0.236 |
| 24/01/2020 | | | -24109 | -0.228 | 755 | 0.007 |
| 31/01/2020 | | | 890 | 0.008 | 1645 | 0.016 |
| 14/02/2020 | | | 136 | 0.001 | 1781 | 0.017 |
| 06/03/2020 | | | -843 | -0.008 | 938 | 0.009 |
| 13/03/2020 | | | 302 | 0.003 | 1240 | 0.012 |
| 20/03/2020 | | | -1240 | -0.012 | 0 | 0.000 |

| | | | | | | | |
|----|---|-------|-------|--------|--------|-------|-------|
| | Closing Balance as on 31/03/2020 | | | | | 0 | 0.000 |
| 7. | Amit Bhutra PAN :ADTPB1150A | | | | | | |
| | Opening Balance as on 01/04/201 | 53425 | 0.506 | | | | |
| | 06/12/2019 Secondary Sale | | | -10000 | -0.095 | 43425 | 0.411 |
| | 13/12/2019 | | | -5000 | -0.047 | 38425 | 0.364 |
| | Closing Balance as on 31/03/2020 | | | | | 38425 | 0.364 |
| 8. | Sailesh Vikramsinh Thakker PAN: AAAPT3100G | | | | | | |
| | Opening Balance as on 01/04/2019 | 50000 | 0.474 | | | | |
| | 26/04/2019 Secondary Sale | | | -1000 | -0.009 | 49000 | 0.464 |
| | 03/05/2019 | | | -3000 | -0.028 | 46000 | 0.436 |
| | 27/09/2019 Secondary Purchase | | | 4000 | 0.038 | 50000 | 0.474 |
| | 20/03/2020 | | | 100 | 0.001 | 50100 | 0.475 |
| | Closing Balance as on 31/03/2020 | | | | | 50000 | 0.475 |
| 9 | Leela Ann Lindner | | | | | | |
| | Opening Balance as on 01/04/2019 | 42995 | 0.407 | 0 | 0 | | |
| | Closing Balance as on 31/03/2020 | | | | | 42995 | 0.407 |
| 10 | Sita Kara Lindner 01.04.2019 | 42995 | 0.407 | 0 | 0 | | |
| | Closing Balance as on 31/03/2020 | | | | | 42995 | 0.407 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No | For each of the Director and Key Managerial Personnel | Opening Balance | % of shares held | Difference if any | % of difference | Closing Balance | Closing % | Reasons for differences |
|--------|---|-----------------|------------------|-------------------|-----------------|-----------------|-----------|-------------------------|
| 1 | Dr. Kunjupanicker Anilkumar | | | | | | | |

| | | | | | | | | |
|---|-------------------------------------|--------|-------|--|--|--------|-------|----|
| | PAN: AGFPK6227J | | | | | | | |
| | Opening Balance as on 01/04/2019 | 200129 | 1.896 | | | | | |
| | Closing Balance as on 31/03/2020 | | | | | 200129 | 1.896 | NA |
| 2 | Mr.Gokul Patnaik PAN: AGFPK6227J | | | | | | | |
| | Opening Balance as on 01/04/2019 | 65 | 0 | | | | | |
| | Closing Balance as on 31/03/2020 | | | | | 65 | 0 | NA |

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

Amount in Lakhs

| | Secured Loans Excluding deposits | Unsecured Loans | Deposits | Total indebtedness |
|---|-------------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial Year | | | | |
| i) Principal Amount | 4,124.67 | 1,469.08 | - | 5,593.75 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 34.40 | - | - | 34.40 |
| Total (i+ii+iii) | 4,159.07 | 1,469.08 | - | 5,628.15 |
| Change in indebtedness during the financial year | - | - | - | - |
| * Addition | 69.54 | 154.97 | | 224.51 |
| * Reduction | (73.54) | | | (73.54) |
| Net Change | (4.00) | 154.97 | - | 150.97 |
| Indebtedness at the end of the financial year | | | - | |
| i) Principal Amount | 4,054.12 | 1,623.45 | - | 5,677.57 |
| ii) Interest due but not paid | 56.57 | - | - | 56.57 |
| iii) Interest accrued but not due | 44.38 | 0.60 | - | 44.98 |
| Total (i+ii+iii) | 4,155.07 | 1,624.05 | - | 5,779.12 |

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole – Time Directors and/or Manager:

| Sr No | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|-------|---|----------------------------|---------------|
| | | Dr Kunjupanicker Anilkumar | |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 28,30,130/- | 28,30,130/- |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil |
| | (c) Profits in lieu of salary/section 17(3) Income- tax Act, | Nil | Nil |
| 2 | Stock Option / Sweat Equity | Nil | Nil |
| 3 | Commission - as % of profit / others, | Nil | Nil |
| 4 | Others, please specify | Nil | Nil |
| | Total (A) | 28,30,130/- | 28,30,130/- |
| | Ceiling as per the Act | Within Limit* | Within Limit* |

* Ceiling as per Schedule V of the companies Act 2013 is up to 60 Lakhs per Annum

B. Remuneration to other directors.

| Sr No | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|-------|--|----------------------------|--------------------------------|-------------------------|------------------|-------------------|--------------|
| | | Mr. S Krishnamurt hy | Mr. Kshiti Ranjan Das | Ms. Shailaja Chandra | Naman G Joshi | Harish K Menon | |
| 1 | Independent Directors | | | | | | |
| | Fee for attending board/ committee meetings | 145000 | 250000 | 125000 | 50000 | 145000 | 715000 |
| | Commission / others, please specify | | | | | | |
| | Total (1) | 145000 | 250000 | 125000 | 50000 | 145000 | 715000 |
| 2 | Other Non-Executive Directors | | | | | | |
| | Fee for board committee meetings | | | | | | |
| | Commission / Others, please specify | | | | | | |
| | Total (2) | | | | | | |
| | Total (B)=(1+2) | | | | | | |
| | Total Managerial Remuneration | 145000 | 250000 | 125000 | 50000 | 145000 | 715000 |
| | Overall Ceiling as per the Act | Within Limit | Within Limit | Within Limit | Within Limit | Within Limit | |

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

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

| Sr No | Particulars of Remuneration | Key Managerial Personnel | | |
|-------|---|--------------------------|------------------|------------------|
| | | CS | CFO | Total |
| 1 | Gross salary in ` | Surbhi Sharma | Arvind Agarwal | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,55,883 | 28,30,130 | 29,86,013 |
| | (b) Value of perquisites u/s 17(2) Income- tax Act, 1961 | 0 | 0 | 0 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 |
| 3. | Sweat Equity | 0 | 0 | 0 |
| 4 | Commission / - as % of profit | 0 | 0 | 0 |
| 5 | Others, please specify | 0 | 0 | 0 |
| | Total | 1,55,883 | 28,30,130 | 29,86,013 |

VI. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

There were no penalties/punishments/compounding offences under the Companies Act for the year ending 31st March 2020.

Place: Bangalore

Date: 14/08/2020

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

Sd/-

**Ramesh Vangal,
Chairman (DIN: 00064018)**

ANNEXURE – 6**FORM NO. AOC -2**

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

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

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

| Sr. No. | Particulars | Details |
|---------|---|---|
| 1. | Name (s) of the related party & nature of relationship | Ayurvedagram Heritage Wellness Centre Pvt Ltd, Subsidiary company |
| 2. | Nature of contracts/arrangements/transaction | Sale of Ayurvedic Medicines |
| 3. | Duration of the contracts/arrangements/transaction | 01.04.2020 to 31.03.2023 |
| 4. | Salient terms of the contracts or arrangements or transaction including the value, if any | 15% discount on MRP of Company Products |
| 5. | Justification for entering into such contracts or arrangements or transactions | Being a subsidiary of the company, KAL is offering such discount. |
| 6. | Date of approval by the Board | 14 th August 2020 |
| 7. | Amount paid as advances, if any | NIL |
| 8. | Date on which the special resolution was passed in General meeting as required under first proviso to Section 188 | 30 th September,2020 |
| 9. | Total Value of Transaction during the year | Rs. 69.43 lakhs |

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

Amount in lacs

| SL. No | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board | Amount paid as advances, if any: |
|--------|---|---|---|---|----------------------------------|----------------------------------|
| 1. | All Season Herbs Pvt Ltd- Director's Relative | Purchase of Raw Material and Job Work | Need Based | 27.36 | 14 th February 2019 | Nil |
| 2. | Ayurvedagram Heritage Wellness | Sale of Products | Need Based | 69.43 | 14 th February 2019 | Nil |

| | | | | | | |
|-----|---|-------------------------------------|------------|-------|--------------------------------|-----|
| | Center Private Limited | | | | | |
| 3. | Ayurvedagram Heritage Wellness Center Private Limited | Services to Kerala Ayurveda Limited | Need Based | 6.23 | 14 th February 2019 | Nil |
| 4. | Ayurvedagram Heritage Wellness Center Private Limited | Services by Kerala Ayurveda Limited | Need Based | 45 | 14 th February 2019 | Nil |
| 5. | Ayurvedagram Heritage Wellness Center Private Limited | Advance | Need Based | 221.6 | 14 th February 2019 | Nil |
| 6. | Ayurvedic Academy Inc, USA- Subsidiary | Sale of Services | Need Based | 10.45 | 14 th February 2019 | Nil |
| 7. | Suveda Inc, USA- Subsidiary | Sale of Products | Need Based | 67.34 | 14 th February 2019 | Nil |
| 8. | CARE Keralam Pvt Ltd-Shareholding and common Director | Purchase of Raw Materials | Need Based | 2.82 | 14 th February 2019 | Nil |
| 9. | Katra Phytochem India Pvt Ltd-Common Director | Purchase of Raw Materials | Need Based | 16.22 | 14 th February 2019 | Nil |
| 10. | Katra Phytochem India Pvt Ltd-Common Director | Sale of Products | Need Based | 3.78 | 14 th February 2019 | Nil |
| 11. | SR Pharmaceuticals-Subsidiary of Katra Phytochem | Job Work Charges | Need Based | 54.25 | 14 th February 2019 | Nil |
| 12. | Mason & Summers Leisure Pvt Ltd-Common Director | Purchase of Travel Services | Need Based | 21.53 | 14 th February 2019 | Nil |

Place: Bangalore

Date: 14/08/2020

By order of the Board of Directors

For Kerala Ayurveda Limited

Sd/-

Ramesh Vangal, Chairman (DIN: 00064018)

ANNEXURE 7

Information in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Amendment Rules, 2016 and forming part of the Board's Report for the year ended 31.03.2020

A. CONSERVATION OF ENERGY:

| | | |
|---|---|--|
| 1 | The Steps taken or Impact on conservation of energy | <p>1. Installed condensate recovery system in steam line in order to reduce furnace oil consumption and save energy by recovering the steam condensate and thereby utilizing the sensible heat.</p> <p>2. All the fluorescent light fittings at factories are changed to LED fittings to save energy</p> |
| 2 | The Steps taken By the Company for utilizing alternate source of energy | Planning for a roof top solar plant to power the R&D section. |
| 3 | The Capital Investment on energy conservation equipments | Around 60k for condensate recovery system & 10k for LED tube installation. |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

| | | |
|---|---|--|
| 1 | The efforts made towards technology absorption | All the developments were done indigenously |
| 2 | The benefits derived like product improvement, cost reduction, product development or import substitution | During the year under review your Company has added three new products to the product basket |
| 3 | Details of imported technology | During the year, company has not imported any technology. |
| 4 | The expenditure incurred on research and development | |
| a | Capital | 1.41 Lakhs |
| b | Deferred Revenue Expenditure | 13.20 Lakhs |
| c | Revenue Expenditure | 6.16 Lakhs |
| d | Total | 20.77 Lakhs |
| e | Total Research and Development expenditure as a % of turnover | 0.39% |

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

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

| | | |
|---|---------------------------|--------------|
| 1 | Foreign Exchange Earnings | 114.38 Lakhs |
| 2 | Foreign Exchange Outgo | NIL |

Place: Bangalore

Date: 14/08/2020

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

Sd/-

**Ramesh Vangal
Chairman (DIN 00064018)**

REPORT ON CORPORATE GOVERNANCE

The report states compliance with the requirements of the Companies Act, 2013 (the 'Act'), and Regulation 17 to 27 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') as applicable to the Company as on 31st March, 2020.

PHILOSOPHY

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

BOARD OF DIRECTORS

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

COMPOSITION

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

As on 31 March 2020, the Board of the Company comprised of eight directors, of whom three were non-executive non independent directors, four were non-executive independent directors and one was executive director. The Board has no institutional nominee directors. As Table 1 shows, the Company is in compliance with the Listing Regulations.

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

NUMBER OF MEETINGS OF THE BOARD

During FY 2019-20, the Board of Directors met five times on 29th May 2019, 12th August 2019, 24th September 2019, 13th November 2019 and 13th February 2020. The gap between any two meetings has been less than one hundred and twenty days.

ATTENDANCE RECORD OF DIRECTORS

Table 1: Composition of the Board and attendance record of directors for FY 2019-20

| Name of the Director | Category | No. of Board Meeting attended (out of 5) | Whether attended AGM |
|-------------------------------|---|--|----------------------|
| Mr. Ramesh Vangal | Chairman, non-executive/Promoter Director | 5 | Yes |
| Mr. Gokul Patnaik | Non-executive / Promoter Director | 1 | No |
| Dr. Kunjupanicker Anilkumar | Wholetime Director, Executive | 5 | Yes |
| Mr. Subramaniam Krishnamurthy | Non-executive, independent | 2 | Yes |
| Mr. Anand Subramanian | Non-executive | 5 | Yes |
| Mr. Kshiti Ranjan Das | Non-executive, Independent | 5 | Yes |
| Mrs. Shailaja Chandra | Non-executive, Independent | 3 | Yes |
| Mr. Naman Gurumurthi Joshi | Non Executive , Independent | 3 | Yes |
| Mr. Harish Kuttan Menon | Non Executive , Independent | 4 | No |

Mr. Madireddi Chandran Mohan, Non-Executive and Independent Director resigned the Company with effect from 1st April, 2019

Pecuniary relationship or transactions

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

Opinion of the Board

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

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

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

Non-executive directors' compensation

During FY 2019-20, sitting fees of Rs. 25,000/- per meeting was paid to non-executive independent directors for every meeting of the Board and Rs.15,000/- per meeting was paid for every meeting of the Committee of the Board attended by them. No sitting fees was paid to non- executive non

independent director. No commission was paid to the non-executive directors during the FY 2019-20. The Company does not have stock option plan for any of its directors.

Information supplied to the Board

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

The Board is periodically updated on important developments in the business segments and other arenas through presentations made by the function heads. The directors have separate and independent access to officers of the Company. In addition to items which are required to be placed before the Board for its noting or approval, information on various significant items is also provided. In terms of quality and importance, the information supplied by the Management to the Board is beyond the list mandated under the Listing Regulations. The independent directors, at their separate meeting held on 13th November, 2019, assessed the quantity, quality and timely flow of information between the Management and the Board, and found it to be in line with the expectations.

Orderly succession to Board and Senior Management

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

Directorships and memberships of Board Committees

Table 2 : Directorship/Committee positions as on 31st March 2020 in Kerala Ayurveda and other Companies

| Sl. No | Name (s) of Directors | Directorship held in all Companies (inclusive of Kerala Ayurveda Limited) | Name of the other Listed Companies where he/she is a director (exclusive of Kerala Ayurveda Limited) | | Committee Positions as Member and Chairperson in Listed and Unlisted Public Limited Companies (inclusive of Kerala Ayurveda Limited) | |
|--------|-----------------------------|---|--|----------------------|--|----------|
| | | | Company | Type of Directorship | Member | Chairman |
| 1. | Mr. Ramesh Vangal | 13 | NA | NA | NIL | NA |
| 2. | Mr. Gokul Patnaik | 12 | LT Foods Limited | Independent Director | 1 | 1 |
| 3. | Dr. Kunjupanicker Anilkumar | 3 | NA | NA | 1 | 0 |

| | | | | | | |
|----|----------------------------------|----|--|----------------------|---|-----|
| 4 | Mr. Subramaniam Krishnamurthy | 4 | NA | Independent Director | 2 | 1 |
| 5. | Mr. Anand Subramanian | 15 | NA | NA | 0 | 0 |
| 6. | Mr. Kshiti Ranjan Das | 2 | Shriram Asset Management Company Limited | Independent Director | 2 | NIL |
| 7. | Mrs. Shailaja Chandra | 3 | Birla Corporation Ltd | Independent Director | 1 | NIL |
| 8. | Mr. Harish Kuttan Menon | 2 | NA | NA | 0 | 0 |

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

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

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

Certificate from practicing company secretary

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

Review of legal compliance reports

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

Code of conduct

The Listing Regulations require listed companies to lay down a code of conduct for directors and senior management, incorporating duties of directors as laid down in the Act. Accordingly, the Company has a Board approved code of conduct for all Board members and Senior Management of the Company. The said code has been placed on the Company's website <https://www.keralaayurveda.biz/investor-relationships>. All the Board members and Senior

Management personnel have affirmed compliance with the code for the year ended 31 March 2020. A declaration to this effect signed by the Wholetime Director forms a part of this Report.

Maximum tenure of independent directors

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

Formal letter of appointment of independent directors

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

Performance evaluation

The performance evaluation of Independent Directors was carried out by the Board in its meeting held 13th November, 2019 in accordance with the following criteria laid out by the Nomination & Remuneration Committee and approved by the Board.

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

The Nomination and Remuneration Committee at its meeting held on 29th May, 2019 reviewed the implementation and evaluation of every director's performance and various committees of the Board.

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

Remuneration policy

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

Familiarisation programmes for Independent Directors

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

| | During the Year | Cumulative till date |
|--|--|--|
| Number of program's attended by Independent Directors (During the year and on cumulative basis till date) | One program on 13 th February, 2020 | 6th November 2015 16th November 2016 27th September 2017 15th November 2018 |
| Number of hours spent by Independent Directors in such program's (during the year and on cumulative basis till date) | 2 hours | 20 Hours |

Whistle blower policy/vigil mechanism

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

During FY 2019-2020, none of the employees has been denied access to the Audit Committee under this policy.

Core skills and expertise of directors

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

Table 3:Core skills/expertise/competencies:

| Sr. No. | Category | Directors |
|---------|-------------------------------------|---|
| 1. | Knowledge on the Company's business | Kunjupanicker Anilkumar |
| 2. | Financial and Management skills | Anand Subramanian |
| 3. | Behavioural skills | Ramesh Vangal |
| 4. | Sales and marketing | Harish Kuttan Menon |
| 5. | Corporate Governance and Ethics | Kshiti Ranjan Das and Subramaniam Krishnamurthy |

SUBSIDIARY COMPANIES

During the FY 2019-20 your Company has seven subsidiaries including one step down subsidiary and the details are as under:

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

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

The policy on determining material subsidiaries is available on the Company's website <https://www.keralaayurveda.biz/investor-relationships>. Ayurvedagram Heritage Wellness Centre Private Limited is material subsidiary within the meaning of the Listing Regulations. During FY 2019-20, the Audit Committee reviewed the financial statements and in particular, the investments made by the unlisted subsidiary companies. Minutes of the Board meetings of the subsidiary

companies were regularly placed before the Board of the Company. The Board periodically reviewed the statement of all significant transactions and arrangements, entered by the unlisted subsidiary.

RELATED PARTY TRANSACTIONS

All related party transactions which were entered into during FY 2019-20 were on an arm's length basis and in the ordinary course of business under the Act except with M/s. Ayurvedagram Heritage Wellness Centre Private Limited, Material Subsidiary of the Company. The details of which are mentioned in AOC-2 which forms a part of the Annual Report. There were no materially related party transaction entered during the year. All related party transactions during FY 2019-20 were entered with the approval of the Audit Committee pursuant to provisions of Act and the Listing Regulations. The details of such transactions were placed before the Audit Committee for noting/review, on a quarterly basis.

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

During the FY 2019-20, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at a large. The policy to determine on dealing with related party transactions has been framed and the same is disclosed on the Company's website at the link <https://www.keralaayurveda.biz/investor-relationships>.

AUDIT COMMITTEE

The Audit committee comprises of four directors viz. Mr.S.Krishnamurthy, Chairman, Mr. Kshiti Ranjan Das, Mr. Harish Kuttan Menon, and Mr. Anand Subramanian as members as on 31st March, 2020. Two-Third of the Members of this committee are independent directors and Chairman is an Independent Director.

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

Meeting and attendance

During the FY 2019-20, the Committee met four times. The gap between any two meetings has been less than one hundred and twenty days. The Company Secretary has acted as the secretary of the Committee.

Mr.S Krishnamurthy, Chairman of the Audit Committee was present at the AGM of the Company held on 24th September, 2019 to answer member's queries.

Table 4: Composition of the Audit Committee and attendance record of the members for FY 2019-20

| Name of the director | Category | No. of meetings attended (out of 4) |
|-------------------------------|----------------------------|--|
| Mr. Kshiti Ranjan Das | Non-executive, Independent | 4 |
| Mr. Harish Kuttan Menon | Non-executive, Independent | 3 |
| Mr. Anand Subramanian | Non-executive | 4 |
| Mr. Subramaniam Krishnamurthy | Non-executive, Independent | 2 |

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

Meeting and attendance

During the FY 2019-20, the Committee met one time.

Table 5: Composition of the Nomination and Remuneration Committee and attendance record of the members for FY 2019-20

| Name of the director | Category | No. of meetings attended (out of 1) |
|-------------------------------|--------------------------------------|-------------------------------------|
| Mr. Subramaniam Krishnamurthy | Chairman, non-executive, independent | 1 |
| Mr. Ramesh Vangal | Non-executive | 1 |
| Mr. Kshiti Ranjan Das | Non-executive, independent | 1 |

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Meeting and attendance

During the FY 2019-20, the Committee met three times.

| Name of the director | Category | No. of meetings attended (out of 3) |
|-------------------------------|--------------------------------|-------------------------------------|
| Mr. Anand Subramanian | Chairman, non-executive | 3 |
| Dr. Kunjupanicker Anilkumar | Wholetime Director (Executive) | 3 |
| Mr. Subramaniam Krishnamurthy | Non-executive, independent | 3 |
| Mr. Naman Gurumurthi Joshi | Non-executive, independent | 1 |

Mr. Anand Subramanian, Chairman of the Committee was present at the AGM of the Company held on 24th September, 2019 to answer the queries of the members.

| | |
|--|-----|
| No. of shareholder's complaints received during the Financial Year 2019-20 | NIL |
| Number of complaints solved to the satisfaction of the shareholder | NA |
| Number of pending complaints as on 31st March, 2020 | NA |

Ms. Surbhi Sharma was appointed as the Company and Compliance Officer with effect from 29th May, 2019. She resigned from the post of Company Secretary with effect from 15th November, 2019

Further, Ms. B.R. Ashitha, a member of Institute of Company Secretaries India was appointed as the Company Secretary with effect from 30th June, 2020

MEETING OF INDEPENDENT DIRECTORS

Pursuant to the Act and the Listing Regulations, the independent directors shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, independent directors of the Company met on 13th November, 2019 and:

- noted the report on performance evaluation for the year 2019-20 from the Chairman of the Board;
- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of executive director and non-executive directors; and
- assessed the quantity, quality and timely flow of information between the Management and the Board and found it to be in line with the expectations.

Mr. S. Krishnamurthy was elected Chairman for the meeting. All independent directors were present at the meeting.

REMUNERATION OF DIRECTORS

Pecuniary relationship or transactions of non-executive directors

During the FY 2019-20 there were no pecuniary relationships or transactions of any non-executive directors with the Company.

Criteria of making payments to non-executive directors

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

Details of remuneration of directors

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

During the Financial Year 2019-20, the Company has paid remuneration to Dr. Kunjupanicker Anilkumar, Wholetime Director of the Company as provided in the annexure to the Director's Report in Form MGT-9 as (**Annexure 5**). The tenure of the Wholetime Director is for 3 years with the notice period of 3 months or salary in lieu of thereof. The performance pay/bonus of the Wholetime Director

is based on the performance of the Company and his contribution for the same. During the Financial Year 2019-20 no stock options were granted to the Wholetime Director. The Wholetime Director is also entitled to other perquisites and benefits mentioned in the agreement entered into with the Company. During the Financial Year 2019-20 the Company did not advance any loan to its directors.

Disclosure of material transactions

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

COMPLIANCE REGARDING INSIDER TRADING

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

MEANS OF COMMUNICATION

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

INFORMATION ON GENERAL BODY MEETINGS

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

| | | |
|-------------|--|---------------------|
| 2017 | 27th September, 2017 | At 3.30 P.M. |
| 2018 | 15th November, 2018 | At 3.15 P.M. |
| 2019 | 24th September, 2019 | At 4.30 P.M. |

DETAILS OF SPECIAL RESOLUTION (s) PASSED AT THE LAST THREE AGMS AND THROUGH POSTAL BALLOT DURING FY 2019-20

i. Special resolutions passed at the last three AGMs:

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

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

At the AGM held on 24th September, 2019 special resolutions were passed for the appointment of Mrs. Shailaja Chandra, Mr. Subramanian Krishnamurthy, Mr Naman G Joshi and Mr Harish Kuttan Menon as Independent Directors from 30th June 2019 to 29th June 2024 not liable to retire by rotation.

ii. Special resolutions passed through postal ballot during the FY 2019-20

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

DETAILS OF CAPITAL MARKET NON-COMPLIANCE, IF ANY

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

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

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

| | |
|--|-----|
| Number of complaints filed during FY 2019-2020 | NIL |
| Number of complaints disposed of during FY 2019-2020 | NIL |
| Number of complaints pending as on end of FY 2019-2020 | NIL |

COMPLIANCE CERTIFICATE

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

REPORT ON CORPORATE GOVERNANCE

This chapter read together with the information given in the section on ‘General Shareholder Information’, constitute the report on corporate governance during FY 2019-2020. A section on ‘Management Discussion and Analysis’ for FY 2019-20 is also included in this Annual Report. The Company duly submits the quarterly compliance report to the stock exchanges.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

STATUTORY AUDITORS

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

| Payment to Statutory Auditors | FY 2019-20 (In Lakhs) |
|-------------------------------|-----------------------|
| Audit Fees | 2,00,000 |
| Tax Audit Fees | 50,000 |
| Reimbursement of expenses | 40,000 |
| Total | 2,90,000 |

COMPLIANCE OF MANDATORY REQUIREMENTS UNDER THE LISTING REGULATIONS

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

GENERAL SHAREHOLDER INFORMATION

28th Annual General Meeting

| | |
|------|----------------------------------|
| Date | 30 th September, 2020 |
| Time | 11.00 a.m |

Financial calendar for FY 2020-21

| | |
|---|--|
| Unaudited first quarter financial results | Before 15 th August, 2020 |
| Unaudited second quarter financial results | Before 15 th November, 2020 |
| Unaudited third quarter financial results | Before 15 th February, 2021 |
| Annual Accounts for FY 2020-21 | During April/May 2021 |
| Annual General Meeting for the year ending 31st March, 2021 | During September 2021 |

Registrar and share transfer Agent

M/s. Integrated Registry Management Services Pvt. Ltd, (earlier known as Integrated Enterprises (India) Ltd.) Chennai having office at Ernakulam is the Registrar & Transfer Agent of the company. Share Transfers Dematerialization of shares and all other investor related activities are attended and processed at the office of the Registrar & Transfer Agent. Shareholders/ Investors/ Depository Participants are requested to send all their documents and communications pertaining to both physical and Demat shares to the Registrar at the following address:

M/s. Integrated Registry Management Services P. Ltd.,
Kences Towers, 2nd Floor, Ramakrishna Street, Off North Usman Road,
T Nagar, Chennai-600017
Ph: 044-28140801-03 Fax: 044-28142479
E-mail: csdstd@integratedindia.in

Date of book closure

The register of members and share transfer books of the Company will remain closed from 24th September, 2020 to 30th September, 2020 (both days inclusive).

Dividend

The Directors do not recommend payment of dividend for the Financial -Year 2019-20.

Share transfer system

The shareholder can approach a Depository Participant (DP) with physical share certificates for dematerialization. The DP will generate a Demat request which will be sent to the Registrar and Transfer Agent along with share certificates. On receipt of the same the Registrar and Transfer Agent will Demat the shares. The Company is also offering a subdivision cum Demat scheme for those shareholders who are submitting their shares for subdivision. In compliance with the Listing guidelines, every six months, a Practicing Company Secretary audits the system of Transfer and a certificate to that effect is issued.

Dematerialisation/rematerialisation of shares and liquidity

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

As on 31st March, 2020, 91.67% of the Company's total shares representing 96,75,701 shares are held in dematerialised form and 8.34% representing 8,79,969 shares are in physical form.

| Category | Number | % of Total Equity |
|--------------------|--------------------|-------------------|
| Demat Mode | | |
| NSDL | 86,19,410 | 81.66 |
| CDSL | 10,56,291 | 10.01 |
| Physical Mode | 8,79,969 | 8.34 |
| Grand Total | 1,05,55,670 | 100.00 |

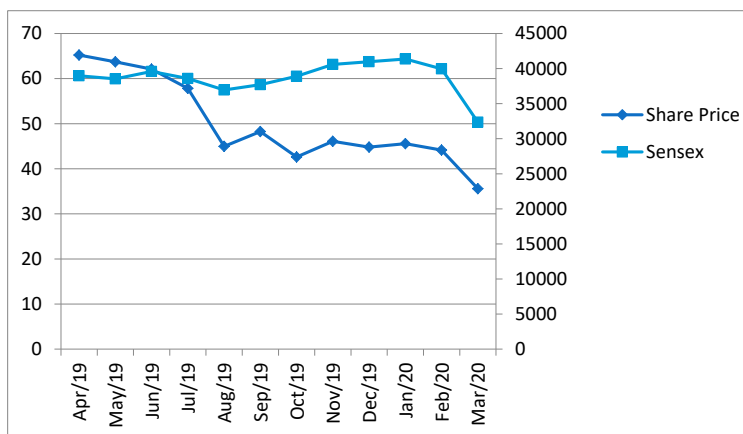
| | |
|--|--|
| Listing on stock exchange and stock code | BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street Mumbai- 400001 Phones : (022) 22721233/4, 91-22-66545695 Fax : (022) 22721919 Stock Code: 530163 |
|--|--|

Annual listing fees, as prescribed, have been paid to the said stock exchanges upto 31st March 2021

Market Price Data: High and low during each month in the financial year 2019-20

| Month | High | Low | Average | Month | High | Low | Average |
|--------|------|-----|---------|--------|------|-----|---------|
| Apr-19 | 68 | 62 | 65 | Oct-19 | 49 | 36 | 43 |
| May-19 | 67 | 60 | 64 | Nov-19 | 51 | 41 | 46 |
| Jun-19 | 68 | 56 | 62 | Dec-19 | 51 | 39 | 45 |
| Jul-19 | 68 | 48 | 58 | Jan-20 | 53 | 38 | 46 |
| Aug-19 | 52 | 38 | 45 | Feb-20 | 49 | 39 | 44 |
| Sep-19 | 55 | 41 | 48 | Mar-20 | 45 | 26 | 36 |

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



Distribution of shareholding

| Sl.no | Nominal value of shares | | No. of holders | % of Total holders | Total Face Value of Shares | % to total face value |
|-------|-------------------------|--------|----------------|--------------------|----------------------------|-----------------------|
| | From | To | | | | |
| 1 | Upto 5000 | | 7519 | 90.92 | 719189 | 6.81 |
| 2 | 5001 | 10000 | 358 | 4.33 | 277281 | 2.63 |
| 3 | 10001 | 20000 | 184 | 2.22 | 277521 | 2.63 |
| 4 | 20001 | 30000 | 69 | 0.83 | 176761 | 1.67 |
| 5 | 30001 | 40000 | 26 | 0.31 | 95225 | 0.9 |
| 6 | 40001 | 50000 | 18 | 0.22 | 82547 | 0.78 |
| 7 | 50001 | 100000 | 46 | 0.56 | 323236 | 3.06 |
| 8 | Above 100001 | | 50 | 0.60 | 8603910 | 81.51 |
| | Total | | 8270 | 100.00 | 10555670 | 100.00 |

Shareholders Profile as on 31st March, 2020

| Sl.no | Category | Holders | Holders % | No. of Shares | Shares % |
|-------|---------------------------------|-------------|---------------|-----------------|---------------|
| 1. | Bank's / Financial Institutions | 2 | 0.02 | 1819 | 0.02 |
| 2. | Bodies Corporate | 83 | 1 | 230333 | 2.18 |
| 3. | Clearing Member | 20 | 0.24 | 12202 | 0.12 |
| 4. | Directors & Relatives | 2 | 0.02 | 551 | 0.01 |
| 5. | Foreign Institutional Investors | 1 | 0.01 | 25737 | 0.24 |
| 6. | HUF | 72 | 0.87 | 26143 | 0.25 |
| 7. | Limited Liability Partnership | 1 | 0.01 | 469 | 0 |
| 8. | Mutual Fund | 1 | 0.01 | 2976 | 0.03 |
| 9. | N R I | 116 | 1.40 | 830824 | 7.87 |
| 10. | Promoters | 1 | 0.01 | 6493435 | 61.52 |
| 11. | Resident Indian | 7971 | 96.38 | 2931181 | 27.77 |
| | Total | 8270 | 100.00 | 10555670 | 100.00 |

Global Depository Receipts , American Depository Receipts

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

Plant Location

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

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

Commodity Price Risk or Foreign Exchange Risk and hedging activities

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

Address for correspondence

The shareholders may address their communications/suggestions/queries to

| Company Address | Registrar and Transfer Agent |
|---|---|
| The Company Secretary / Compliance Officer, | M/s. Integrated Registry Management Services P. Ltd., |
| M/s. Kerala Ayurveda Ltd., | Kences Towers, 2nd Floor, Ramakrishna Street, Off |
| VII/415, Nedumbassery, Athani P O, Aluva-683 585. | North Usman Road, T Nagar, Chennai-600 017 |
| Ph : 0484-2476301 (4 lines) | Ph: 044-28140801-03 Fax : 044-28142479 |
| Fax : 0484-2474376 | E-mail : csdstd@integratedindia.in |
| Email: companysecretary@keralaayurveda.biz | |
| investor@keralaayurveda.biz | |

Other disclosures

The details of transactions of material nature with its Promoters, Directors or the Management or their subsidiaries or their relatives during the year have been disclosed in notes to Accounts forming part of this Annual Report. There was no instance of non-compliance.

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

By Order of the Board of Directors

For **Kerala Ayurveda Limited**

Sd/-

Ramesh Vangal

Chairman (DIN 00064018)

Place: Bangalore

Date: 14/08/2020

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

To,

The Members of

Kerala Ayurveda Ltd.,

As provided under SEBI (Listing of Obligations and Disclosure Requirements), Regulations,
2015 all Directors and Members of the Senior

Management have affirmed compliance with the code of conduct during the financial year ended
31st March, 2020

For Kerala Ayurveda Ltd.

Sd/-

Place: Bengaluru

Dr. Kunjupanicker Anilkumar

Date : 14th August, 2020

Wholetime Director

(DIN 00226353)

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **Kerala Ayurveda Limited**

We have examined the compliance of conditions of Corporate Governance by **Kerala Ayurveda Limited [CIN: L24233KL1992PLC006592]** having its registered office at VII/415, Nedumbassery, Athani P.O., Alwaye, Ernakulam-683585, for the year ended **31st March, 2020** as stipulated in Regulation 17 to 27 and clause (b) to (i) of Regulation 46 (2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020 except as under:

Fine was imposed by the Bombay Stock Exchange (BSE Limited) for a delay in submission of Corporate Governance compliance Report for the Quarter ended December 2019 within the period provided under Regulation 27 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which has been paid.

The vacancy in the office of the Woman director who ceased on 16.06.2019 was filled on 24.09.2019, eight days after the expiry of three months.

For the quarter ended 31.12.2019 and 31.03.2020, the Company did not have a Company Secretary as its Compliance Officer. A new Company Secretary was appointed on 30.06.2020.

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

Kochi
07.09.2020
UDIN: F003067B000676256

For SVJS & Associates
Company Secretaries

Sd/-
CS Vincent P.D.
Managing Partner
CP No.: 7940, FCS: 3067

CEO /CFO CERTIFICATION

To,
The Board of Directors,
Kerala Ayurveda Limited

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

1. We have reviewed financial statements and cash flow statement for the financial year 2019-20 and that to the best of our knowledge and belief:

i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are to the best of our knowledge and belief, no transactions entered into by the company during the financial year ended on 31st March, 2020 which are fraudulent, illegal or violative of the company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

4. During the period under review, no significant changes were observed in the internal controls over financial reporting and accounting policies of the Company. Furthermore, there are no instances of fraud and the Involvement therein of the management or employees having a Significant role in the company's internal control system over financial reporting.

For Kerala Ayurveda Limited

Sd/-

Dr. Kunjupanicker Anilkumar
Wholtime Director(DIN: 00226353)

Date: 14th August, 2020
Place: Bangalore

Sd/-

Arvind Agarwal
Chief Financial Office

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members

KERALA AYURVEDA LIMITED

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March, 2020** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such Statutory Authority.

| Sl. No. | Name of Director | DIN | Date of appointment in Company |
|---------|------------------------------|----------|--------------------------------|
| 1. | Mr.Ramesh Vangal | 00064018 | 02.09.2006 |
| 2. | Mr.Gokul Patnaik | 00027915 | 24.09.2019 |
| 3. | Mr.Anand Subramanian | 00064083 | 11.10.2010 |
| 4. | Mr.Subramaniam Krishnamurthy | 00140414 | 24.09.2019 |
| 5. | Dr.Kunjupanicker Anilkumar | 00226353 | 28.06.2006 |
| 6. | Mr. Harish Kuttan Menon | 00585260 | 30.06.2019 |
| 7. | Ms.Shailaja Chandra | 03320688 | 24.09.2019 |
| 8. | Mr.Kshiti Ranjan Das | 07212449 | 06.11.2015 |

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

Kochi

07.09.2020

UDIN: F003067B000676300

For SVJS & Associates

Company Secretaries

Sd/-

CS Vincent P.D.

Managing Partner

CP No.: 7940, FCS: 3067

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. ECONOMIC OVERVIEW

Global Economic growth remains subdued. Global growth is forecast at 3.2 percent in 2019, picking up to 4.9 percent in 2020 as per IMF which is 1.9 percent points below the April 2020 World Economic Outlook forecast . The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previous forecast. GDP releases so far this year, together with generally softening inflation, point to weaker-than-anticipated global activity.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.1 per cent in 2018-19 and 4.2 per cent in 2019-20. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups. India is expected to fall by 3.2% in 2020-21, Indian Government is targeting to be a \$5 Trillion Economy by 2024-25.

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

India's foreign exchange reserves were US\$ 538.191 billion in the week up to August 7, 2020, according to data from the RBI.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

Ayurvedic products are increasing in popularity. Many Indians are turning to Ayurveda and other alternative medicine systems and treatments, such as unani, siddha, naturopathy, and homoeopathy. The industry is anticipated to almost triple in size in the coming years. By 2022, the market will reach US\$ 9.7 billion in size.

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

3. OPPORTUNITIES

We believe the following are our competitive opportunities:

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

4. RISK, CONCERNS AND THREATS

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

5. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

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

6. FUTURE OUTLOOK

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

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

8. FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

The company had Net revenues of Rs.5384.11 Lakhs as against Rs.4674.52 Lakhs during previous year showing a growth of 15.24%. The consolidated net revenue for current year is Rs.7679.30 Lakhs against Rs. 6235.39 Lakhs during the previous year resulting in a growth of 23.15%. Consolidated net profit increased to Rs 4.05 crores, up 61% vs previous year. This growth has been led by two promising sectors - USA and the Digital / eCommerce India business.

The company's growth was aided by its key business operations in the USA by scaling up both the academy operation and also the launch of new product range in the USA.

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

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

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

The manpower strength of the Company as on 31st March 2020 was 372 permanent employees including Management Staff across different locations.

10. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

In accordance with SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year), None of the ratios have dropped beyond the limits specified under the disclosure norms.

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

Return on Net Worth is 5.98% in the current year as compared to 8.4% in the previous financial year the drop is on account of lower profits as Kerala Floods impacted the revenues and profitability of the business.

Place: Bangalore

Date: 14/08/2020

By Order of the Board of Directors

For Kerala Ayurveda Limited

Sd/-

Ramesh Vangal

Chairman (DIN 00064018)

Maharaj Rajan & Mathew

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Kerala Ayurveda Limited,

Report on the Audit of the Standalone Financial Statements.

Opinion.

1. We have audited the accompanying standalone financial statements of Kerala Ayurveda Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (Including other Comprehensive Income), the Cash Flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the act, of the state of affairs (financial position) of the Company as at March 31, 2020 and its profit (financial performance including other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

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



Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|--|--|
| Refer to note 2.f 'Inventories' to the standalone financial statements. The total value of inventory as of March 31, 2020 amounted to ₹ 1,146 lakhs representing 12.25% of the total assets (2019: ₹ 1075 Lakhs, 12.34% of the total assets). Inventories are measured at the lower of cost and net realisable value on FIFO basis. The valuation of inventory is dependent on establishing appropriate valuation controls. We focused on this area as Management judgment is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgments are key elements in the valuation of inventories. | <p>We have performed the following principal audit procedures in relation to Inventory valuation:</p> <ul style="list-style-type: none"> • We tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. • We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory. • We evaluated the significant judgments and estimates made by Management in applying Company's accounting policy in relation to indirect production costs. • We assessed the Company's disclosures in the financial statements in respect of inventory. |

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

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

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



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

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

6.The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position) , profit or loss (financial performance including other comprehensive income) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted In India, including the Indian Accounting Standards specified under section 133 of the Act .This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7.In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8.Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

9.Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the



aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

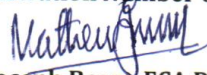
15. Further to our Comments in Annexure A, as required by section 143(3) of the Act, We report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c. The standalone financial statements dealt with by this report are in agreement with the books of account
- d. In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act
- e. On the basis of the written representations received from the directors and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) the Company does not have any pending litigations which would impact its financial position
- ii) the Company does not have any long-term contracts requiring a provision for material foreseeable losses.
- iii) The Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

**For Maharaj Rajan and Mathew
Chartered Accountants
Firm Registration Number 001932S**



**Mathew Joseph Bcom, FCA, DISA (ICA)
(Partner)
Membership Number 022658
UDIN: 20022658AAAAEN1979**

**Ernakulam
30/06/2020**



Annexure A to the Independent Auditor's Report

The annexure referred to in Independent Auditors report to the members of The Company on the standalone financial statements for the year ended 31st March 2020 ,We report that .

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets.
- ii. (b) The company has a program of verification to cover all the items of fixed assets comprising of property, plant and equipment, capital work-in-progress and other intangible assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- iii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification
- iv. According to the information and explanations given to us, the Company has granted unsecured loans to subsidiaries covered in the register maintained under Section 189 of the Act, in respect of which
 - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the company's interest.
 - b) The Schedule of Repayment has been stipulated for the loans granted and repayments are regular.
 - c) There are no overdue amount remaining outstanding as at the year-end
- v. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of the section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.



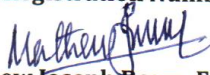
- vi. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies(Acceptance of Deposits) Rules,2014(as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vii. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Sub-Section (1)of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- viii. Undisputed statutory dues including GST, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- ix. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to Banks, Financial Institutions, Government or debenture holders. The Company did not have any outstanding debentures during the year .
- x. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.
- xi. To the best of our knowledge and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit..
- xii. According to the information and explanations given to us and based on our examination of the records of the Company, t he Company has paid/provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act.
- xiii. The Company is not a Nidhi Company. Therefore the provisions of clause 3 (xii) of the Order are not applicable to the Company.



- xiv. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company , the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into non-cash transactions with directors or persons connected with him; Accordingly Paragraph 3 (xv) of the Order is not applicable.
- xvii. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act,1934

Ernakulam
30/06/2020

**For Maharaj Rajan and Mathew
Chartered Accountants
Firm Registration Number 001932S**


**Mathew Joseph Bcom ,FCA,DISA(ICA)
(Partner)
Membership Number 022658
UDIN: 20022658AAAAEN1979**



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

In conjunction with our audit of the standalone financial statements of Kerala Ayurveda Limited ("the Company") as of and for the year ended 31 March, 2020, we have audited the internal financial controls over financial reporting of the Company as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Ernakulam
30/06/2020



For Maharaj Rajan and Mathew
Chartered Accountants
Firm Registration Number 001932S



Mathew Joseph B.Com ,FCA,DISA(ICA)
(Partner)
Membership No. 022658
UDIN: 20022658AAAAEN1979

| Kerala Ayurveda Limited | | | |
|---|----------|---|--|
| Balance Sheet as at 31st March 2020 | | | |
| Particulars | Note No. | As at 31.03.2020 Amount in Rs | As at 31.03.2019 Amount in Rs |
| A ASSETS | | | |
| Non-Current assets | | | |
| (a) Fixed Assets | | | |
| property, plant & equipment | 4 | 16,94,47,783 | 16,57,52,870 |
| Capital work in progress | | 11,54,86,793 | 9,93,84,243 |
| Other Intangible Assets | | 14,95,752 | 4,75,173 |
| Financial Assets | | | |
| (i) Investments | 5 | 11,46,58,320 | 11,46,58,320 |
| (ii) Loans | 6 | 20,32,17,321 | 18,99,22,730 |
| (iii) Other Financial assets | 7 | 4,14,71,906 | 1,26,37,209 |
| Income Tax assets(net) | 8 | 1,64,44,464 | 1,43,27,702 |
| Total Non current Assets | | 66,22,22,339 | 59,71,58,246 |
| Current Assets | | | |
| Inventories | 9 | 11,46,34,610 | 10,74,96,660 |
| Financial assets | | | |
| (i) Trade Receivables | 10 | 9,07,05,562 | 8,81,85,266 |
| (ii) Cash and Cash equivalents | 11 | 1,90,28,486 | 84,06,154 |
| Other current assets | 12 | 4,94,16,557 | 7,03,46,479 |
| Total Current Assets | | 27,37,85,215 | 27,44,34,559 |
| TOTAL ASSETS | | 93,60,07,554 | 87,15,92,806 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 13 | 10,55,56,700 | 10,55,56,700 |
| Other Equity | 14 | 4,11,39,368 | 2,93,60,482 |
| Total Equity | | 14,66,96,068 | 13,49,17,182 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 15 | 47,15,62,232 | 45,07,57,138 |
| Provisions | 16 | 4,01,87,568 | 3,71,23,826 |
| Other non current Liabilities | 17 | 4,56,40,000 | 4,55,15,000 |
| Deferred Tax Liability (Net) | | 90,83,536 | 56,95,206 |
| Total Non Current Liabilities | | 56,64,73,336 | 53,90,91,170 |
| Current liabilities | | | |
| (i) Borrowings | 18 | 10,63,50,046 | 11,20,70,499 |
| (ii) Trade payables | 19 | 5,62,14,390 | 3,77,25,492 |
| Other current liabilities | 20 | 5,08,74,052 | 3,88,46,941 |
| Provisions | 21 | 93,99,662 | 89,41,521 |
| Total Current Liabilities | | 22,28,38,150 | 19,75,84,454 |
| Total Liabilities | | 78,93,11,486 | 73,66,75,624 |
| Total Equity and Liabilities | | 93,60,07,554 | 87,15,92,806 |
| The accompanying notes form an integral part of these financial instruments in terms of our report attached | | | |
| In terms of our report attached. For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 001932S | | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, | |
| Sd/- Mathew Joseph , B Com, FCA Proprietor MEM NO 022658 Place : Athani Date : 30th June , 2020 | | Sd/- Ramesh Vangal Chairman | Sd/- Dr K Anilkumar Executive Director |
| | | | Sd/- Arvind Agarwal CFO |

| Kerala Ayurveda Limited | | | | |
|---|--|----------|---|---|
| Profit and Loss statement for the period ended 31st March 2020 | | | | |
| | Particulars | Note No. | For the period ended | For the period ended |
| | | | 31st March, 2020 | 31st March, 2019 |
| | | | Amount in Rs | Amount in Rs |
| Income | | | | |
| | Revenue from operations | 22 | 53,68,47,442 | 46,48,98,839 |
| | Other income | 23 | 15,63,787 | 25,53,524 |
| | | | 53,84,11,229 | 46,74,52,363 |
| | Less: GST Paid | | - | |
| | Total revenue | | 53,84,11,229 | 46,74,52,363 |
| Expenses | | | | |
| | (a) Cost of Materials consumed | 24 | 13,53,74,639 | 12,13,51,437 |
| | (b) Purchases of Medicines (Stock In Trade) | 25 | 43,83,696 | 31,06,051 |
| | (c) Changes in Inventories of FG, WIP & Stock In Trade | 26 | (35,91,992) | (45,35,869) |
| | (d) Employee benefits expense | 27 | 16,02,91,601 | 14,33,99,078 |
| | (e) Finance costs | 28 | 1,22,04,453 | 2,08,11,133 |
| | (f) Depreciation & Ammortisation | 29 | 67,88,353 | 56,15,093 |
| | (g) Other expenses | 30 | 21,08,03,393 | 17,29,89,687 |
| Total Expenses | | | 52,62,54,145 | 46,27,36,610 |
| Profit Before Extraordinary items and Tax (3 - 4) | | | 1,21,57,084 | 47,15,753 |
| Add: Exceptional Items | | | | |
| Profit / (Loss) Before Extraordinary items and Tax(5 - 6) | | | 1,21,57,084 | 47,15,753 |
| Add: Extraordinary Items | | | - | 1,27,90,942 |
| Profit Before Tax (5 - 6) | | | 1,21,57,084 | 1,75,06,695 |
| Tax expense: | | | | |
| | (a) Current tax | | 20,29,260 | 36,04,069 |
| | (b) Deferred tax | | 33,88,330 | (8,88,705) |
| | (c) (Less): MAT credit (where applicable) | | (20,29,260) | 28,04,407 |
| | | | 33,88,330 | 55,19,771 |
| Profit for the period | | | 87,68,754 | 1,19,86,924 |
| Other comprehensive income | | | 30,10,132 | (6,52,893) |
| Items that will not be reclassified to Profit or Loss | | | - | |
| | | | 1,17,78,886 | 1,13,34,031 |
| Earnings Per Equity Share | | | | |
| Basic & diluted [Nominal value of shares Rs. 10/- each] | | | 1.12 | 1.07 |
| Significant Accounting Policies | | 1 | | |
| See accompanying notes 1 to 40 forming part of the financial statements. | | | | |
| In terms of our report attached. | | | | |
| For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 001932S | | | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, | |
| Sd/- Mathew Joseph , B Com, FCA Proprietor MEM NO 022658 Place : Athani Date : 30th June, 2020 | | | Sd/- Ramesh Vangal Chairman | Sd/- Dr K Anilkumar Executive Director Sd/- Arvind Agarwal CFO |

| Kerala Ayurveda Limited | | |
|---|---|--|
| Cash Flow Statement for the year ended 31st March, 2020 | | |
| Particulars | For the year ended 31st March, 2020 Amt in Rs | For the year Ended 31st March, 2019 Amt in Rs` |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before Tax and Interest | 2,43,61,538 | 3,83,17,828 |
| Adjustment to reconcile Profit Before Tax to Net Cash Flows | | |
| Interest Received | (15,63,787) | (25,53,524) |
| Finance Cost(Fair value change in Financial Instruments) | (1,02,84,459) | (6,62,14,580) |
| Finance Income (Fair value change in Financial Instruments) | 1,32,94,591 | 1,24,24,852 |
| Depreciation and Amortisation | 67,88,353 | 56,15,093 |
| Insurance Claim Received | - | (1,27,90,942) |
| (Profit)/Loss on sale of fixed assets | - | 31,711 |
| Operating profit before working capital changes | 3,25,96,235 | (2,51,69,562) |
| Adjustments for: | | |
| Trade receivables | (25,20,296) | (1,65,06,500) |
| Inventories | (71,37,950) | (78,65,723) |
| Other Current Assets | 2,09,29,923 | 14,22,75,916 |
| Other Financial Assets | (2,88,34,697) | (2,86,922) |
| Income tax Assets | (21,16,762) | 26,50,824 |
| Trade Payables | 1,84,88,898 | 56,53,387 |
| Current Financial liabilities- Provisions | 4,58,141 | (48,94,023) |
| Other Current Liabilities | 1,20,27,111 | 15,55,978 |
| Non- Current Financial liabilities- Provisions | 30,63,742 | 30,79,135 |
| Other non current liabilities | 1,25,000 | (7,00,000) |
| Cash generated from operations | 1,44,83,108 | 12,49,62,073 |
| Direct taxes paid | - | (64,08,476) |
| Net cash from operating activities A | 4,70,79,344 | 9,33,84,035 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed assets(including Capital Work in progress) | (2,76,06,396) | (1,98,80,490) |
| Sale of fixed assets | - | 5,096 |
| Insurance Claim Received | - | 1,27,90,942 |
| Loans to Subsidiaries | (1,32,94,591) | (1,24,24,852) |
| Interest Received | 15,63,787 | 25,53,524 |
| Net cash used in Investing activities B | (3,93,37,199) | (1,69,55,780) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds of long term loan | 2,08,05,094 | 6,33,63,771 |
| Net Increase/(Decrease) in Working Capital Borrowings | (57,20,453) | (15,39,89,114) |
| Finance Cost | (1,22,04,453) | (2,08,11,133) |
| Net cash from financing activities C | 28,80,187 | (11,14,36,476) |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 1,06,22,332 | (3,50,08,222) |
| Cash & Cash Equivalents at Beginning of year | 84,06,154 | 4,34,14,376 |
| Cash & Cash Equivalents at End of year | 1,90,28,486 | 84,06,154 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 1,06,22,332 | (3,50,08,222) |
| In terms of our report attached. | | |
| For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 0019325 | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, | |
| Sd/- Mathew Joseph , B Com, FCA Partner MEM NO 022658 | Sd/- Ramesh Vangal Chairman | Sd/- Dr K Anilkumar Executive Director |
| Place : Athani Date : 30th June, 2020 | | Sd/- Arvind Agarwal CFO |

Kerala Ayurveda Limited
Statement of Changes in Equity

| A Equity Share Capital | | | | | |
|---|------|--------------|--|--|--|
| Particulars | Note | Amount in Rs | | | |
| Balance as at 1st April 2019 | 13 | 1,05,55,670 | | | |
| Changes in equity share capital during the year | | - | | | |
| Balance as at 31st March 2020 | | 1,05,55,670 | | | |

| B Other Equity | | | | | |
|--|-----------------|---------------|-----------------|-------------------|--------------|
| Particulars | Note 14 | | | | |
| | Capital reserve | Share premium | General reserve | Retained Earnings | Total |
| Balances as at 1st April 2018 | 45,41,879 | 11,45,14,976 | 17,98,000 | -4,96,91,570 | 7,11,63,285 |
| Profit for the period | | | | 1,19,86,924 | 1,19,86,924 |
| Other comprehensive income | | | | -6,52,893 | -6,52,893 |
| Reinstatement of Long Term Loan on repayment | | | | -5,31,36,834 | -5,31,36,834 |
| Total comprehensive income for the year | - | - | - | -4,18,02,803 | -4,18,02,803 |
| Balance as at 31st March 2019 | 45,41,879 | 11,45,14,976 | 17,98,000 | -9,14,94,373 | 2,93,60,482 |
| Balances as at 1st April 2019 | 45,41,879 | 11,45,14,976 | 17,98,000 | -9,14,94,373 | 2,93,60,482 |
| Profit for the period | | | | 87,68,754 | 87,68,754 |
| Other comprehensive income | | | | 30,10,132 | 30,10,132 |
| Total comprehensive income for the year | - | - | - | 1,17,78,886 | 1,17,78,886 |
| Balance as at 31st March 2020 | 45,41,879 | 11,45,14,976 | 17,98,000 | -7,97,15,487 | 4,11,39,368 |

The accompanying notes form an integral part of these financial instruments

In terms of our report attached.

For Maharaj Rajan & Mathew
Chartered Accountants
FIRM REGN NO 001932S

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

Sd/-
Mathew Joseph , B Com, FCA
Proprietor
MEM NO 022658
Place : Ernakulam
Date : 30th June, 2020

Sd/-
Ramesh Vangal
Chairman

Sd/-
Dr K Anilkumar
Executive Director

Sd/-
Arvind Agarwal
CFO

Notes to financial statements

1. General Information / Corporate Information

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

2. Significant Accounting Policies:

a. Basis of preparation and presentation of financial statements

i. Accounting Convention

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

ii. Historical cost convention

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

iii. Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the use of accounting estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.

iv. Fair Valuation

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements

are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

b. Current versus non-current classification

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

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

A liability is current when:

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

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

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

c. Property, plant & Equipment

i. Property, plant and equipment

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

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

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

ii. Intangible assets

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

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

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

iii. Biological Assets

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

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

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

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

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

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

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

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

v. Derecognition

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

d. Impairment of non-financial assets

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

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

e. Financial instrument

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

i. Financial assets

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

Investments in subsidiaries and joint ventures:

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

ii. Financial liabilities

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

f. Inventories

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

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

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

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

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

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

g. Trade Receivables

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

h. Provisions

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

i. Cash and cash equivalents

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

j. Income tax

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

i. Current Income Tax

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

ii. *Deferred Tax*

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

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

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

iii. *Minimum Alternate Tax*

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

k. *Revenue recognition*

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

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

Other Operating Revenue

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

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

l. *Rent Deposit*

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

m. *Properties taken on lease*

Properties taken on lease by the Company are in the nature of operating leases as the lease terms do not transfer substantially all risks and rewards incidental to ownership of such properties to the Company. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more

representative of the time pattern of the user's benefit or the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Interest free lease deposits are remeasured at amortised cost by the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expense uniformly over the lease period.

n. Capital Work in Progress

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

o. Other income

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

p. Employee benefits

i. Short-term benefits:

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

ii. Other Long Term benefits:

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

Gratuity

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

Provident fund

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

The basis for determination of liability is as under:

| | Gratuity | |
|---------------------------------------|--------------|---------------|
| | Current year | Previous year |
| Change in present value of obligation | | |

| | | |
|---|------------------------------|------------------------------|
| 1. Present value of the obligation at the beginning of the year | 43,682,470 | 38,077,743 |
| 2. Current service cost | 3,102,591 | 2,760,290 |
| 3. Interest on defined benefit obligation | 3,010,034 | 2,812,775 |
| 4. Actuarial (gain)/loss | 408,372 | 804,859 |
| 5. Benefits paid | (1,791,226) | (773,197) |
| 6. Present value of obligation at the end of the year | 48,412,241 | 43,682,470 |
| Liability recognized in the Financial statements | | |
| Long term | 40,187,568 | 37,123,826 |
| Short term | 8,224,673 | 6,558,644 |
| Costs for the year | | |
| Change in the present value of obligation | | |
| 1. Current service cost | 3,102,591 | 2,760,290 |
| 2. Interest Cost | 3,010,034 | 2,812,775 |
| 3. Actuarial (gain)/loss | | |
| 4. Total Expenses | 6,112,625 | 5,573,065 |
| Main Actuarial Assumptions | | |
| Discount rate(p.a) | 6.90% | 7.45% |
| Salary escalation rate (p.a) | 8.00% | 8.00% |
| Method | Projected Unit Credit Method | Projected Unit Credit Method |

q. Finance Costs

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

r. Foreign Currency transactions

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

- **Critical accounting judgments and key sources of estimation uncertainty**

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

3. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

| 2020 | Carrying Amount | | | | Fair Value | | |
|--|--------------------|-------|--------------------|--------------------|--------------------|--------------------|---------|
| | Amortised cost | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 |
| Non-current financial assets | | | | | | | |
| Investments | | | | | | | |
| In subsidiaries(Unquoted) | 113,367,970 | | | 113,367,970 | | 113,367,970 | |
| Non-trade (unquoted) | 1,262,500 | | | 1,262,500 | | 1,262,500 | |
| Non trade(quoted) | 27,850 | | | 27,850 | | 27,850 | |
| Loans | | | 203,217,321 | 203,217,321 | | 203,217,321 | |
| Other Financial assets | 41,471,906 | | | 41,471,906 | 41,471,906 | | |
| Current Financial asset | | | | | | | |
| Trade receivable | 90,752,199 | | | 90,752,199 | 90752199 | | |
| Cash and cash equivalent | 19,028,486 | | | 19,028,486 | 19028486 | | |
| | 265,910,911 | | 203,217,321 | 469,128,232 | 151,252,591 | 317,875,641 | |
| Non-Current Financial liabilities | | | | | | | |
| Borrowings | 314,356,933 | | 157,205,299 | 471,562,232 | 314,356,933 | 157,205,299 | |
| Current Financial liabilities | | | | | | | |
| Borrowings | 106,350,046 | | | 106,350,046 | 106,350,046 | | |
| Trade Payables | 56,214,390 | | | 56,214,390 | 56,214,390 | | |
| | 476,921,369 | | 157,205,299 | 634,126,667 | 476,921,369 | 157,205,299 | |

| 2019 | Carrying Amount | | | | Fair Value | | |
|--|--------------------|-------|--------------------|--------------------|--------------------|--------------------|---------|
| | Amortised cost | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 |
| Non-current financial assets | | | | | | | |
| Investments | | | | | | | |
| In subsidiaries(Unquoted) | 113,367,970 | | | 113,367,970 | | 113,367,970 | |
| Non-trade (unquoted) | 1,262,500 | | | 1,262,500 | | 1,262,500 | |
| Non trade(quoted) | 27,850 | | | 27,850 | | 27,850 | |
| Loans | | | 189,922,730 | 189,922,730 | | 189,922,730 | |
| Other Financial assets | 12,637,209 | | | 12,637,209 | 12,637,209 | | |
| Current Financial asset | | | | | | | |
| Trade receivable | 88,185,266 | | | 88,185,266 | 88,185,266 | | |
| Cash and cash equivalent | 8,406,154 | | | 8,406,154 | 8,406,154 | | |
| | 223,886,949 | | 189,922,730 | 413,809,679 | 109,228,629 | 304,581,050 | |
| Non-Current Financial liabilities | | | | | | | |
| Borrowings | 303,836,298 | | 146,920,840 | 450,757,138 | 303,836,298 | 146,920,840 | |
| Current Financial liabilities | | | | | | | |
| Borrowings | 112,070,499 | | | 112,070,499 | 112,070,499 | | |
| Trade Payables | 37,725,492 | | | 37,725,492 | 37,725,492 | | |
| | 453,632,289 | | 146,920,840 | 600,553,129 | 453,632,289 | 146,920,840 | |

B. Measurement of fair values

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

C. Financial risk management

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

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

i. Risk management framework

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

ii. Credit risk

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

iii. Liquidity Risk

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

Kerala Ayurveda Limited**Note 4: Property, Plant and Equipment**

| Particulars | Land | Building | Plant & Machinery | Electrical fittings | Furniture & Fixtures | Office equipments | Computer & Accessories | Vehicles | Misc fixed assets | Total | Amount in Rs | |
|--------------------------------------|--------------|-------------|-------------------|---------------------|----------------------|-------------------|------------------------|-----------|-------------------|--------------|-----------------------------|--------------------------|
| | | | | | | | | | | | Web Development expenditure | Capital work in progress |
| At Cost | | | | | | | | | | | | |
| Gross Block as at 31st March 2019 | 11,18,01,866 | 5,12,37,462 | 3,95,75,206 | 64,78,223 | 3,14,92,547 | 1,37,74,834 | 1,15,02,811 | 33,73,815 | 24,94,436 | 27,17,31,199 | 10,27,979 | 9,93,84,243 |
| Other acquisition | - | 4,58,469 | 47,23,425 | 5,74,696 | 34,45,165 | 3,92,201 | 6,38,239 | - | - | 1,02,32,195 | 12,71,650 | 1,61,02,550 |
| Disposal | - | - | - | - | - | - | - | - | - | - | - | - |
| Gross Block as at 31st March 2020 | 11,18,01,866 | 5,16,95,931 | 4,42,98,631 | 70,52,918 | 3,49,37,712 | 1,41,67,035 | 1,21,41,050 | 33,73,815 | 24,94,436 | 28,19,63,395 | 22,99,629 | 11,54,86,793 |
| Depreciation & Impairment | | | | | | | | | | | | |
| Balance as at 31st March 2019 | - | 2,43,96,530 | 3,01,17,648 | 42,98,983 | 2,51,27,116 | 1,09,97,987 | 90,97,746 | 17,98,095 | 1,44,226 | 10,59,78,330 | 5,52,806 | - |
| Depreciation charge for the year | - | 12,77,811 | 16,54,214 | 3,33,002 | 16,32,558 | 8,28,736 | 4,88,490 | 3,22,472 | - | 65,37,283 | 2,51,070 | - |
| Disposal | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31st March 2020 | - | 2,56,74,341 | 3,17,71,862 | 46,31,985 | 2,67,59,674 | 1,18,26,722 | 95,86,235 | 21,20,567 | 1,44,226 | 11,25,15,612 | 8,03,876 | - |
| Carrying Value | | | | | | | | | | | | |
| As at 31st March 2019 | 11,18,01,866 | 2,68,40,932 | 94,57,558 | 21,79,240 | 63,65,431 | 27,76,848 | 24,05,065 | 15,75,720 | 23,50,210 | 16,57,52,870 | 4,75,173 | 9,93,84,243 |
| As at 31st March 2020 | 11,18,01,866 | 2,60,21,590 | 1,25,26,769 | 24,20,933 | 81,78,038 | 23,40,313 | 25,54,815 | 12,53,248 | 23,50,210 | 16,94,47,783 | 14,95,752 | 11,54,86,793 |

| Kerala Ayurveda Limited | | | |
|---|---|---------------------|---------------------|
| Notes forming part of the financial statements for the year ended 31st March 2020 | | | |
| Notes | Particulars | As at 31st Mar 2020 | As at 31st Mar 2019 |
| | | Amount in Rs | Amount in Rs |
| 5 | <u>Non Current Investments</u> | | |
| | In Subsidiary Companies | | |
| | (Unquoted, At cost) | | |
| | 16,65,000 equity shares of Rs 10 each in | 6,42,86,600 | 6,42,86,600 |
| | Ayurvedagram Heritage Wellness Centre Pvt Ltd | - | - |
| | 100 Common stock of no par value in Nutravada Inc., USA | 5,620 | 5,620 |
| | 100 Common stock of no par value in Ayu Natural | 2,15,16,252 | 2,15,16,252 |
| | Medicines Clinic P.S., USA | - | - |
| | 100 Common stock of no par value in Ayurvedic | - | - |
| | Academy Inc., USA | 2,72,42,710 | 2,72,42,710 |
| | 817 Common stock of USD 1 par value in | - | - |
| | CMS Katra Holdings LLC, USA | 34,853 | 34,853 |
| | 6201 Shares of face value 1 Sing \$ in Nutravada Pte Ltd, Singapore | 2,81,935 | 2,81,935 |
| | Non Trade | - | - |
| | (Quoted, At cost) | - | - |
| | 500 equity shares of Rs 10 each fully paid up in | - | - |
| | Canara Bank Ltd(Quoted) Market Value Rs 90.50 | 27,850 | 27,850 |
| | last Year Rs 189.85 per share | - | - |
| | (Unquoted, At cost) | - | - |
| | 114 Equity Shares of Rs.10000/- each in | 12,62,500 | 12,62,500 |
| | Confederation for Ayurvedic Renaissance Keralam Pvt Ltd | - | - |
| | Total | 11,46,58,320 | 11,46,58,320 |
| 6 | Financial assets-Loans | | |
| | Loans to Subsidiaries | 20,32,17,321 | 18,99,22,730 |
| | Total | 20,32,17,321 | 18,99,22,730 |
| 7 | Financial assets-Other financial assets | | |
| | Deposits with Govt. Authorities | 11,66,429 | 11,29,617 |
| | Deposits with others | 94,86,501 | 78,42,142 |
| | Bank Deposits with Original maturity more than 12 Months | 6,39,487 | 36,65,450 |
| | Deferred Product Development Exp | 3,01,79,489 | - |
| | Total | 4,14,71,906 | 1,26,37,209 |
| 8 | Income Tax assets(net) | | |
| | Income Tax advance | 35,52,668 | 34,65,166 |
| | MAT credit entitlement a/c | 1,28,91,796 | 1,08,62,536 |
| | Total | 1,64,44,464 | 1,43,27,702 |
| 9 | Inventories | | |
| | Finished Goods | 3,64,58,450 | 3,61,16,831 |
| | Goods in transit | 21,23,475 | 7,15,720 |
| | Furnace Oil | 3,10,365 | 1,77,111 |
| | Packing Material | 77,72,216 | 52,76,124 |
| | Raw Material | 1,38,86,521 | 1,29,94,620 |
| | Stores & Spares | 1,91,512 | 1,66,801 |
| | Work in Progress | 2,15,70,170 | 1,97,27,552 |
| | WIP Nurse Training Deferred | 3,23,21,902 | 3,23,21,902 |
| | Total | 11,46,34,610 | 10,74,96,660 |
| 10 | Financial assets- Trade receivables | | |
| | secured, considered | - | - |
| | Unsecured, considered good | 9,07,05,562 | 8,81,85,266 |
| | Doubtful | - | - |
| | Less, Allowance for Doubtful debts | - | - |
| | Total | 9,07,05,562 | 8,81,85,266 |
| 11 | Cash and cash equivalents | | |
| | (a) Cash on hand | 4,03,957 | 4,65,026 |
| | (b) Cheques, drafts on hand | 16,92,868 | 61,79,232 |
| | (c) Balances with banks | - | - |
| | (i) In Current accounts | 1,69,31,661 | 17,61,897 |
| | Total | 1,90,28,486 | 84,06,154 |
| 12 | Other Current Assets | | |
| | Advance for Purchase | 31,73,427 | 24,28,017 |
| | Other Advances | 4,43,40,451 | 6,70,56,669 |
| | Advance to employees | 8,15,955 | 58,125 |
| | Prepaid expense | 10,86,724 | 8,03,667 |
| | Total | 4,94,16,557 | 7,03,46,479 |

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March 2020

| Note | Particulars | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|--|---|-----------------------------------|------------------------|-----------------------------------|
| | | Number of shares | In Rs | Number of shares | In Rs |
| 13 | Share capital | | | | |
| | (a) Authorised Capital | | | | |
| | Equity shares of Rs 10/- each with voting rights | 1,20,00,000 | 12,00,00,000 | 1,20,00,000 | 12,00,00,000 |
| | (b) Issued Capital | | | | |
| | Equity shares of Rs 10/- each with voting rights | 1,05,55,670 | 10,55,56,700 | 1,05,55,670 | 10,55,56,700 |
| | (c) Subscribed and fully paid up | | | | |
| | Equity shares of Rs 10/- each with voting rights | 1,05,55,670 | 10,55,56,700 | 1,05,55,670 | 10,55,56,700 |
| | Total | 1,05,55,670 | 10,55,56,700 | 1,05,55,670 | 10,55,56,700 |
| Notes: | | | | | |
| (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period: | | | | | |
| | Particulars | Opening Balance | Fresh issue | Buy back | Closing Balance |
| | Equity shares with voting rights | | | | |
| | Year ended 31st March, 2020 | 1,05,55,670 | - | - | 1,05,55,670 |
| | - Number of shares | 10,55,56,700 | - | - | 10,55,56,700 |
| | - Amount (In Rs.) | | | | |
| | Year ended 31st March, 2019 | | | | |
| | - Number of shares | 1,05,55,670 | - | - | 1,05,55,670 |
| | - Amount (In Rs.) | 10,55,56,700 | - | - | 10,55,56,700 |
| (ii) Rights, Preferences and restrictions attached to Equity Shares: | | | | | |
| The Company has one class of equity shares, having a par value of Rs 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company in proportion to their share holding. | | | | | |
| (iii) Details of shares held by each shareholder holding more than 5% shares: | | | | | |
| | Class of shares / Name of shareholder | As at 31st March, 2020 | | As at 31st March, 2019 | |
| | | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| | Equity shares with voting rights | | | | |
| | Katra Holdings Ltd | 64,93,435 | 61.52% | 64,93,435 | 61.52% |
| (iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: | | | | | |
| | Particulars | Equity shares with voting rights-No of Shares | | | |
| | | Opening Balance | Fresh issue | Buy back | Closing Balance |
| | As at 31st March, 2020 | | | | |
| | M/s Katra Holdings Ltd, the holding company | 64,93,435 | | | 64,93,435 |
| | As at 31st March, 2019 | | | | |
| | M/s Katra Holdings Ltd, the holding company | 64,93,435 | | | 64,93,435 |

| Notes | Particulars | As at 31st Mar 2020 | As at 31st Mar 2019 |
|-------|--|---------------------|---------------------|
| | | Amount in Rs | Amount in Rs |
| 14 | Reserves and Surplus | | |
| | Capital Reserve | 45,41,879 | 45,41,879 |
| | Share Premium | 11,45,14,976 | 11,45,14,976 |
| | General reserve | 17,98,000 | 17,98,000 |
| | Surplus / (Deficit) in Statement of Profit and Loss | - | - |
| | At the commencement of the year | (9,14,94,373) | (4,96,91,569) |
| | Add: Profit for the year | 1,17,78,886 | 1,13,34,031 |
| | Less: Reinstatement of Long Term Loan on repayment | - | (5,31,36,835) |
| | Net Surplus / (Deficit) in the Statement of Profit and Loss | (7,97,15,487) | (9,14,94,373) |
| | Total | 4,11,39,368 | 2,93,60,482 |
| 15 | Financial Liabilities- borrowings (Non Current) | | |
| | (a) Term loans | | |
| | Vehicle Loan | - | 3,96,572 |
| | ECL Finance Limited | 30,90,97,260 | 30,34,39,726 |
| | Samunnati Financial Intermediation & Services P Ltd | 52,59,673 | - |
| | Axis Bank Ltd-Delivery Van Loan | | |
| | Kotak Mahindra Prime - Car Loan - Ertiga | | |
| | Axis Bank Ltd-Power Drive-Carloan | | |
| | Venus India Assets Finance Pvt Ltd | | |
| | Finance Charge Suspense-Delivery Van | | |
| | Finance Charge Suspense-Ertiga Car | | |
| | Finance Charge Suspense-Honda City Car | | |
| | Katra Holding Pvt Ltd | 15,72,05,299 | 14,69,20,840 |
| | Total | 47,15,62,232 | 45,07,57,138 |
| | Note: Vehicle loans are secured by hypothication of respective vehicle | | |
| 16 | Provisions | | |
| | Provision for Gratuity | 4,01,87,568 | 3,71,23,826 |
| | Total | 4,01,87,568 | 3,71,23,826 |
| 17 | Other Long-Term Liabilities | | |
| | Deposits Received from Business associates | 31,40,000 | 30,15,000 |
| | C&A Deposit | - | - |
| | Advance from TGBL(ICD from Tata Global Beverages Limited) | 4,25,00,000 | 4,25,00,000 |
| | (E M of 2 Acres and 4 Guntas of land bearing Survey no 49 of Sonnapanahalli Village, Doddaballapur Taluk, Bengaluru belong to Arudrama) | | |
| | Deposits from Others | | |
| | Total | 4,56,40,000 | 4,55,15,000 |
| 18 | Financial Liabilities -Borrowings(Current) | | |
| | Secured loan repayable on demand | | |
| | Kotak Mahindra Bank-Ernakulam (OD) | 1,05,94,103 | 1,07,15,656 |
| | Kotak Mahindra Bank-Bangalore (OD) | 7,55,95,014 | 7,92,36,956 |
| | Kotak Mahindra Bank Short Term Loan | 2,01,60,929 | 2,01,61,370 |
| | (Credit Facilities from Kotak Mahindra Bank are secured Against exclusive charge on entire current assets of the Company both present and future, Collateral in the form of equitable mortgage of land belonging to the Company in Kalloor Thekkummuri Village , Trichur District and mortgage of land belonging to Chairman situated at Bangalore and personal guarantee of Chairman) | | |
| | Secured loan repayable on demand | | |
| | Kotak Mahindra Bank STL | - | 19,56,517 |
| | (Secured by Lein on Fixed Deposit held with Kotak Mahindra Bank and personal guarantee of the Directors) | | |
| | Total | 10,63,50,046 | 11,20,70,499 |
| 19 | Trade Payables | | |
| | Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006 | - | - |
| | Sundry Creditors- Mfgs. | 4,28,38,318 | 2,94,80,030 |
| | Sundry Creditors- Others | 1,33,76,072 | 82,45,462 |
| | Total | 5,62,14,390 | 3,77,25,492 |
| 20 | Other current liabilities | | |
| | (a) Other payables | | |
| | Advances from Customers | 1,16,93,508 | 44,34,139 |
| | Statutory Liabilities | 59,25,715 | 57,25,368 |
| | Accrued Employee Liabilities | 42,46,451 | 41,22,493 |
| | Loans repayable within one year-HP Loan | 2,69,221 | 1,94,097 |
| | Rent Payable | 65,43,395 | 73,12,237 |
| | Other Current Liabilities | 1,39,71,089 | 1,04,99,963 |
| | Provision for gratuity | 82,24,673 | 65,58,644 |
| | Total | 5,08,74,052 | 3,88,46,941 |
| 21 | Provisions | | |
| | (a) Provision - Others: | | |
| | Bonus Payable | 61,10,000 | 44,40,800 |
| | Privilege Leave Encashment Payable | 12,60,402 | 8,96,652 |
| | Provision for Taxation | 20,29,260 | 36,04,069 |
| | Total | 93,99,662 | 89,41,521 |

| Kerala Ayurveda Limited | | | |
|---|---|--|--|
| Notes forming part of the financial statements for the year ended 31st March 2020 | | | |
| Notes | Particulars | For the period ended 31st March ,2020 | For the period ended 31st March ,2019 |
| 22 | Revenue from Operations | | |
| | (a) Sale of products | 44,28,41,978 | 38,81,57,478 |
| | (b) Sale of services | 9,40,05,464 | 7,67,41,361 |
| | Total | 53,68,47,442 | 46,48,98,839 |
| | (i) Sale of products comprises: | | |
| | Total | 44,28,41,978 | 38,81,57,478 |
| | (ii) Sale of services comprises: | | |
| | Treatment Income | 8,47,23,046 | 6,74,84,370 |
| | Training Income | 72,83,684 | 82,03,936 |
| | Other Operational Income | 19,98,734 | 10,53,054 |
| | Total | 9,40,05,464 | 7,67,41,360.67 |
| 23 | Other Income | | |
| | Interest Received | 15,63,787 | 25,53,524 |
| | Total | 15,63,787 | 25,53,524 |
| 24 | Cost of materials consumed | | |
| | Raw Material | | |
| | Opening stock | 1,29,94,620 | 1,11,64,228 |
| | Add: Purchases | 10,91,07,205 | 9,88,79,305 |
| | Less: Closing stock | 1,38,86,521 | 1,29,94,620 |
| | (A) | 10,82,15,305 | 9,70,48,914 |
| | Packing Material | | |
| | Opening Stock | 52,76,124 | 37,96,657 |
| | Add: Purchase | 2,96,55,427 | 2,57,81,991 |
| | Less: Closing Stock | 77,72,216 | 52,76,124 |
| | (B) | 2,71,59,335 | 2,43,02,524 |
| | Cost of material consumed(A+B) | 13,53,74,639 | 12,13,51,437 |
| 25 | Purchase of Stock In Trade | | |
| | Purchase of Medicines | 43,83,696 | 31,06,051 |
| | Total | 43,83,696 | 31,06,051 |
| 26 | Changes in inventories of stock of F G, WIP & Stock in trade | | |
| | Inventories at the end of the year: | | |
| | Stock of FG,WIP & Stock in Trade | 6,01,52,095 | 5,65,60,103 |
| | | 6,01,52,095 | 5,65,60,103 |
| | Inventories at the beginning of the year: | | |
| | Stock of FG,WIP & Stock in Trade | 5,65,60,103 | 5,20,24,233 |
| | | 5,65,60,103 | 5,20,24,233 |
| | Net (increase) / decrease | (35,91,992) | (45,35,869) |
| 27 | Employee benefits expense | | |
| | Salaries and wages | 13,64,77,109 | 12,29,76,487 |
| | Contribution to Provident Fund | 94,13,614 | 89,83,210 |
| | Staff welfare expenses | 1,44,00,879 | 1,14,39,381 |
| | Total | 16,02,91,601 | 14,33,99,078 |

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March 2020

| Notes | Particulars | For the period ended | For the period ended |
|-------|---|----------------------|----------------------|
| | | 31st March ,2020 | 31st March ,2019 |
| | | | Amount in ` |
| 28 | Finance costs | | |
| | (a) Interest expense on: | | |
| | (i) Borrowings | 1,12,62,263 | 1,79,95,686 |
| | (ii) Others | | |
| | - Other Interest | 9,42,190 | 28,15,447 |
| | Total | 1,22,04,453 | 2,08,11,133 |
| 29 | Depreciation expense | | |
| | Depreciation | 67,88,353 | 56,15,093 |
| | Total | 67,88,353 | 56,15,093 |
| 30 | Other expenses | | |
| | Rent | 2,12,47,063 | 1,70,53,189 |
| | Bank Charges | 14,88,925 | 14,49,849 |
| | Rates and Taxes | 9,72,618 | 3,78,512 |
| | Legal & Professional charges | 19,52,940 | 13,36,228 |
| | Directors Sitting Fee | 7,15,000 | 5,35,000 |
| | Research and Development Expenses | 6,16,830 | 3,81,507 |
| | Travelling -Others | 22,93,861 | 22,74,088 |
| | Founders day(Navavaidika) Expenses | - | (3,000) |
| | Repairs & Maintenance- Others | 24,29,850 | 21,84,148 |
| | Vehicle Maintenance | 2,48,998 | 3,09,018 |
| | Insurance | 8,74,144 | 6,06,623 |
| | Printing & Stationery | 11,51,974 | 13,86,534 |
| | Postage & Telephone | 16,03,551 | 19,84,003 |
| | | 16,94,566 | 16,94,738 |
| | Repairs & Maintenance Branch assets | 21,33,432 | 5,67,690 |
| | Conveyance Expenses | 42,27,035 | 40,23,982 |
| | Canteen Expenses | 19,56,114 | 17,60,835 |
| | Electricity charges (Branches/Depot) | 27,59,236 | 20,63,221 |
| | Other Administrative Expenses | 64,29,490 | 64,97,534 |
| | Internal Audit fee | 50,000 | 60,000 |
| | Audit fee | 1,50,000 | 2,75,000 |
| | Travelling-Sales Staff | 1,61,97,906 | 1,63,41,870 |
| | Advertisements | 14,75,525 | 4,23,556 |
| | Commission & Discount | 79,61,988 | 61,90,153 |
| | Training Expenses | 5,22,771 | 4,57,576 |
| | Freight Outward | 1,07,14,524 | 83,95,056 |
| | Sales promotion exp | 1,41,09,315 | 93,71,107 |
| | Other Selling & Distribution Expenses | 1,34,67,294 | 55,64,422 |
| | Fuel Consumed | 1,22,54,146 | 65,57,365 |
| | Electricity charges | 21,37,308 | 16,59,416 |
| | Repairs to Plant & Machinery | 30,98,796 | 13,96,067 |
| | Repairs to Building | 2,81,893 | 7,86,869 |
| | Job Works | 2,25,90,457 | 2,59,61,789 |
| | Other Manufacturing Expenses | 41,69,738 | 33,97,605 |
| | Cultivation Expenses | 3,01,704 | 2,27,091 |
| | Treatment Expenses | 1,04,85,709 | 79,07,545 |
| | Indirect tax | 3,60,38,691 | 3,15,33,501 |
| | Total | 21,08,03,393 | 17,29,89,687 |
| | (i) Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| | As auditors - Statutory audit & Tax Audit | 1,50,000 | 2,75,000 |
| | Reimbursement of expenses | 40,000 | 28,530 |
| | Total | 1,90,000 | 3,03,530 |

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2020

| Notes | Particulars | 31st March, 2020 | 31st March, 2019 |
|-------|---|--|-------------------------|
| 31 | Earnings in Foreign Currency | | |
| | Export of Medicine | 1,14,38,018 | 46,56,837 |
| | Total | 1,14,38,018 | 46,56,837 |
| | Expenditure in Foreign Currency : | | |
| | Import of Machinery | - | - |
| | Total | - | - |
| 32 | Managerial Remuneration | | |
| | To the Whole Time Director | | |
| | Salary | 14,71,774 | 15,00,000 |
| | Other Allowances | 14,13,129 | 14,28,000 |
| | Reimbursements | - | 96,000 |
| | Total | 28,84,903 | 30,24,000 |
| 33 | Related Party Disclosure under Ind Accounting Standard 24: | | |
| | A. Names of related parties and nature of related party relationships | | |
| | Description of relationship | Names of related parties | |
| | Holding Company | Katra Holdings Ltd, Mauritius | |
| | | Ayurvedagram Heritage Wellness Centre Pvt Ltd | |
| | | Suveda Inc | |
| | | Ayu Natural Medicine Clinic PS, USA | |
| | Subsidiary Companies | Ayurvedic Academy Inc., USA | |
| | | Nutraveda Pte Ltd | |
| | | CMS Katra Holdings LLC, USA | |
| | | CMS Katra Nursing LLC, USA | |
| | | All Seasons Herbs Pvt. Ltd. | |
| | | KAL Ayurveda Research Foundation | |
| | Companies where Promoter Director is having control/significant influence | Katra Holding Pvt. Ltd. | |
| | | S R Pharmaceuticals | |
| | | Katra Phytochem India Pvt. Ltd. | |
| | | Confederation for Ayurvedic Renaissance Keralam Ltd. | |
| | | Mason & Summers Leisure Pvt. Ltd. | |
| | Director/Key Managerial Person | Dr K Anil Kumar, Whole time Director | |
| | | Mr Arvind Agarwal , CFO | |
| | | Ms Itti Bhargava, Company Secretary | |
| | | Mr K. Raghunadhan, Company Secretary | |
| | Note: Related parties have been identified by the Management. | | |
| | Loans given to Subsidiary companies under the old companies act and are in the process of repayment | | |
| | B. Transaction with Related Parties | | |
| | Particulars | 31st March, 2020 | 31st March, 2019 |
| | Purchase of Raw Materials | | |
| | All Season Herbs Pvt Ltd | 27,36,462 | 40,13,320 |
| | Katra Phytochem India Pvt Ltd | 16,22,426 | 11,28,291 |
| | Confederation for Ayurvedic Renaissance Keralam Ltd | 2,82,508 | 2,72,650 |
| | Sale of Medicines & Treatments | | |
| | Ayurvedagram Heritage Wellness Centre P Ltd | 69,43,219 | 71,18,271 |
| | Suveda Inc | 67,34,155 | 16,79,888 |
| | Katra Phytochem India Pvt Ltd | 3,78,796 | - |
| | Services Received | | |
| | Ayurvedagram Heritage Wellness Centre P Ltd | 6,23,888 | 12,24,373 |
| | S R Pharmaceuticals | 54,25,609 | 66,72,884 |
| | Mason & Summers Leisure P Ltd | 21,53,402 | 12,18,415 |
| | Services Rendered | | |
| | Ayurvedagram Heritage Wellness Centre P Ltd | 45,00,000 | 19,00,000 |
| | Ayurvedic Academy Inc | 10,45,830 | 12,56,747 |
| | Remuneration Paid | | |
| | Dr K Anilkumar, Director | 28,84,903 | 30,24,000 |
| | Mr Arvind Agarwal, CFO | 28,30,130 | 28,92,000 |
| | Mr K. Raghunadhan, Company Secretary | - | 4,88,590 |
| | Ms Surbhi Sharma, Company Secretary | 1,55,883 | - |
| | Reimbursement of Expenses | | |
| | KAL Subsidiaries | 1,96,31,730 | 1,05,78,457 |
| | Katra Phytochem India Pvt Ltd | 84,969 | 61,777 |
| | Lending/Advances | | |
| | Ayurvedagram Heritage Wellness Centre P Ltd | - | - |
| | Interest on Advances | | |
| | Ayurvedagram Heritage Wellness Centre P Ltd | 13,65,852 | 12,88,434 |
| | Borrowings(including loans) | | |
| | Katra Holding Pvt Ltd | - | - |
| | Repayment of Loans | | |
| | To Katra Holding Pvt Ltd | - | 13,60,81,741 |
| | By KAL Subsidiaries in USA | - | - |
| | Balances outstanding at the end of the year | | |
| | Lending- to KAL Subsidiaries (Overseas) | 20,32,17,321 | 18,99,22,730 |
| | Borrowings- from Katra Holding Pvt Ltd | 15,72,05,299 | 14,69,20,840 |
| | Advances to Ayurvedagram Heritage Wellness Centre P Ltd | 2,07,95,057 | 1,95,65,789 |

| | | | | |
|-----------|--|-----------------------------------|---|-----------------------------------|
| 34 | Contingent Liabilities | | | |
| | Particulars | | | |
| | 1. The company has given a bank guarantee of Rs.500,000/- to The Registrar, Banaras Hindu University towards security deposit for running Kerala Ayurveda Panchakarma Center at S S Hospital under BHU in Varanasi. | | | |
| 35 | NCLT Matter related to TGBL Note | | | |
| | Tata Global Beverages Limited ('TGBL') has made an application on 25.10.2019 before the Hon'ble NCLT, Kochi for recovery of Rs5.18 crores along with interest, being advance of Rs 4.25 crores made to the company under the Joint Development Agreement dated 28.06.2013, pursuant to the MOU dated 27.12.2010, Joint Development Agreement dated 09.02.2012 and Guarantee Agreement dated 05.09.2014. The Company filed an application before the Hon'ble NCLT, Kochi under Section 8 of the Arbitration and Conciliation Act, 1996 as all disputes between the Parties under the aforesaid agreements are to be resolved by reference to arbitration. The Hon'ble NCLT, Kochi vide its order dated 10.02.2020 dismissed the application made by the Company. The Company filed an appeal before the Hon'ble NCLAT and the Hon'ble NCLAT vide its order dated 16.02.2020 dismissed the Company's appeal stating that the Hon'ble NCLT, Kochi has not passed any order either admitting or rejecting the application of TGBL. The matter is sub-judice and pending before the Hon'ble NCLT, Kochi. The company has not accepted the interest claim of Rs.93 lakhs raised by TGBL. | | | |
| 36 | Deferred tax assets/ (liabilities) | | | |
| | Particulars | As at 31st March, 2019 | Movement | As at 31st March, 2020 |
| | Book/Tax depreciation difference | (60,53,279) | 3,27,687 | (57,25,592) |
| | Provision for Gratuity | 37,65,792 | 12,65,214 | 50,31,006 |
| | Unabsorbed Depreciation Carried forward | (34,07,718) | (49,81,231) | (83,88,949) |
| | Total deferred tax Asset | (56,95,206) | (33,88,330) | (90,83,536) |
| 37 | Earnings Per Share : | | | |
| | Particulars | 31st March, 2020 | 31st March, 2019 | |
| | Net Profit / (Loss) after Tax | 1,19,54,359 | 1,13,34,031 | |
| | Weighted Average Number of Shares outstanding during the year | 1,05,55,670 | 1,05,55,670 | |
| | Earnings Per Share (Rs.) | 1.13 | 1.07 | |
| | Nominal Value of Shares (Rs.) | 10.00 | 10.00 | |
| 38 | The Company has not received any confirmations from any supplier registered under "the Micro, Small and Medium Enterprise Development Act, 2006. Accordingly no disclosure has been made under the said act. | | | |
| 39 | Segment results: The company is primarily engaged in Ayurvedic services and products. Accordingly there is no separate reportable segment in accordance with AS 17-Segment reporting prescribed under the Companies (Accounting Standards) Rules 2006. | | | |
| 40 | Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year classification/Disclosure. | | | |
| | In terms of our report attached. For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 001932S Sd/- Mathew Joseph , B Com, FCA Proprietor MEM NO 022658 Place : Ernakulam Date : 30th June, 2020 | | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, Sd/- Ramesh Vangal Chairman Sd/- Dr K Anilkumar Executive Director Sd/- Arvind Agarwal CFO | |

Maharaj Rajan & Mathew

CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Members of Kerala Ayurveda Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Kerala Ayurveda Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') , which comprise the Consolidated Balance Sheet as at 31 March, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March, 2020, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

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



Key Audit Matters

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

| Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|---|--|
| Refer to note 2.f 'Inventories' to the Consolidated financial statements. The total value of inventory as of March 31, 2020 amounted to ₹ 1283 lakhs representing 12.46% of the total assets (2018: ₹ 1158 Lakhs, 12.50% of the total assets). Inventories are measured at the lower of cost and net realisable value on FIFO Basis. The valuation of inventory is dependent on establishing appropriate valuation controls. We focused on this area as Management judgment is applied to estimate the appropriate write-down for obsolete inventories and the indirect production costs manually capitalised as inventory. These judgments are key elements in the valuation of inventories. | <p>We have performed the following principal audit procedures in relation to Inventory valuation:</p> <ul style="list-style-type: none"> •We tested relevant internal controls that the Company uses to ensure proper valuation of inventory, including the procedures for write-down of obsolete inventory and the indirect production costs manually capitalised as inventory. •We tested the adequacy of write-downs for excess and/or obsolete inventory by verifying future demand data, historical usage, historical accuracy of write-downs and management's plans to utilise the inventory. •We evaluated the significant judgments and estimates made by Management in applying Company's accounting policy in relation to indirect production costs. •We assessed the Company's disclosures in the financial statements in respect of inventory. |

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

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Report on Corporate Governance and the Director's Report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility



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

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

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

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

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



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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group covered under the Act have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

Other Matters

14. We did not audit the financial statements of 7 subsidiaries, whose financial statements reflects total assets of Rs. 5,336.86 Lakhs as at 31 March 2020, total revenue of Rs. 2,546.27 Lakhs, total net Profit after tax of Rs. 82.92 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements and matters identified and disclosed under key audit matters section above, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of Sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditor.

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

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

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



- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the Directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of statutory auditor of a subsidiary company, none of the Directors of the Group companies covered under the Act, are disqualified as on 31 March, 2020 from being appointed as a Director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of the subsidiaries:

i)the Company does not have any pending litigations which would impact its financial position.

ii)the Company does not have any long-term contracts requiring a provision for material foreseeable losses.

iii)The Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.



Ernakulam
30/06/2020

For Maharaj Rajan and Mathew
Chartered Accountants
Firm Registration Number 001932S

Mathew Joseph Bcom

Mathew Joseph Bcom ,FCA,DISA(ICA)
(Partner)
Membership Number 022658
UDIN: 20022658AAAAE03625

Annexure A

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

In conjunction with our audit of the consolidated financial statements of Kerala Ayurveda Limited ("the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March, 2020, we have audited the Internal Financial Controls over Financial Reporting of the Holding Company and its Subsidiary Company, which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial



Reporting , assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and based on the consideration of the report of the other auditor on Internal Financial Controls over Financial Reporting of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note



on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

We did not audit the Internal Financial Controls over Financial Reporting in so far as it relates to one subsidiary company, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 1239.39 lakhs as at 31 March 2020, total revenues of ₹ 842.27 Lakhs and net profit after tax ₹ 59.99 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The Internal Financial Controls over Financial Reporting in so far as it relates to such subsidiary company, has been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the Internal Financial Controls over Financial Reporting for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

**For Maharaj Rajan and Mathew
Chartered Accountants
Firm Registration Number 001932S**



**Mathew Joseph Bcom ,FCA,DISA(ICA)
(Partner)
Membership Number 022658
UDIN: 20022658AAAAAE03625**

**Ernakulam
30/06/2020**



| Kerala Ayurveda Limited | | | |
|--|------|---|---|
| Consolidated Balance Sheet as at 31st March, 2020 | | | |
| Particulars | Note | As at 31st March, 2020 | As at 31st March, 2019 |
| | No. | Amount in Rs | Amount in Rs |
| A ASSETS | | | |
| Non-Current assets | | | |
| property, plant & equipment | 4 | 22,45,19,564 | 22,24,67,451 |
| Capital work in progress | | 13,66,23,779 | 12,05,35,519 |
| Other Intangible Assets | | 70,38,314 | 31,43,627 |
| Good will on Consolidation | | 10,25,77,168 | 10,25,77,168 |
| Financial Assets | | - | - |
| (i) Investments | 5 | 12,90,350 | 12,90,350 |
| (ii) Loans | 6 | 16,72,37,954 | 16,02,53,919 |
| (iii) Other Financial assets | 7 | 4,42,87,504 | 1,54,34,577 |
| Income Tax assets(net) | 8 | 1,64,44,464 | 1,43,27,702 |
| | | - | - |
| Total Non current Assets | | 70,00,19,097 | 64,00,30,313 |
| Current Assets | | - | - |
| Inventories | 9 | 12,83,03,157 | 11,58,08,098 |
| Financial assets | | - | - |
| (i) Trade Receivables | 10 | 10,70,83,736 | 6,89,55,682 |
| (ii) Cash and Cash equivalents | 11 | 6,36,73,319 | 4,55,41,125 |
| Other current assets | 12 | 3,05,98,091 | 5,25,94,793 |
| Total Current Assets | | 32,96,58,304 | 28,28,99,699 |
| TOTAL ASSETS | | 1,02,96,77,401 | 92,29,30,012 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 13 | 10,55,56,700 | 10,55,56,700 |
| Other Equity | 14 | (2,63,07,112) | (6,82,90,537) |
| Equity attributable to the owners of the Company | | 7,92,49,588 | 3,72,66,163 |
| Non Controlling Interest | | 1,80,00,643 | 1,64,40,927 |
| Total Equity | | 9,72,50,231 | 5,37,07,089 |
| Liabilities | | - | - |
| Non-Current Liabilities | | - | - |
| Financial Liabilities | | - | - |
| (i) Borrowings | 15 | 52,44,17,415 | 49,76,79,894 |
| Provisions | 16 | 4,35,83,748 | 3,99,75,360 |
| Other non current Liabilities | 17 | 4,56,40,000 | 4,55,15,000 |
| Deferred Tax Liability (Net) | | 1,28,75,740 | 1,01,55,717 |
| Total Non Current Liabilities | | 62,65,16,903 | 59,33,25,971 |
| Current liabilities | | - | - |
| (i) Borrowings | 18 | 11,72,30,224 | 11,99,99,292 |
| (ii) Trade payables | 19 | 6,65,42,003 | 4,36,97,817 |
| Other current liabilities | 20 | 11,04,08,412 | 10,18,72,531 |
| Provisions | 21 | 1,17,29,629 | 1,03,27,311 |
| Total Current Liabilities | | 30,59,10,268 | 27,58,96,951 |
| Total Liabilities | | 93,24,27,171 | 86,92,22,922 |
| Total Equity and Liabilities | | 1,02,96,77,401 | 92,29,30,012 |
| The accompanying notes form an integral part of these financial instruments in terms of our report attached. | | | |
| For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 0079205 | | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, | |
| Sd/- Mathew Joseph FCA Partner MEM NO 22658 | | Sd/- Ramesh Vangal Chairman | Sd/- Dr K Anilkumar Executive Director |
| Place : Athani Date : 30th June, 2020 | | | Sd/- Arvind Agarwal CFO |

| Kerala Ayurveda Limited | | | | |
|---|--|----------|---|--|
| Consolidated Profit and Loss for the year ended 31st March, 2020 | | | | |
| | Particulars | Note No. | For the period ended | For the period ended |
| | | | 31st March, 2020 | 31st March, 2019 |
| | | | Amount in Rs | Amount in Rs |
| 1 | Income | | | |
| | Revenue from operations | 22 | 76,77,32,788 | 62,18,59,594 |
| | Other income | 23 | 1,97,935 | 16,79,531 |
| | Total revenue | | 76,79,30,723 | 62,35,39,125 |
| | | | - | |
| | Total revenue | | 76,79,30,723 | 62,35,39,125 |
| 2 | Expenses | | | |
| | (a) Cost of Materials consumed | 24 | 14,12,03,110 | 12,65,41,863 |
| | (b) Purchases of Medicines (Stock In Trade) | 25 | 1,20,41,991 | 1,41,02,107 |
| | (c) Changes in Inventories of FG, WIP & Stock In Trade | 26 | (36,55,356) | (47,41,942) |
| | (d) Employee benefits expense | 27 | 24,63,04,975 | 20,91,58,846 |
| | (e) Finance costs | 28 | 1,54,74,946 | 2,42,82,297 |
| | (f) Depreciation & Ammortisation | 29 | 1,14,34,809 | 98,17,490 |
| | (g) Other expenses | 30 | 29,06,69,475 | 22,96,13,545 |
| | (h) Gain or loss on conversion to INR | | 90,81,145 | (34,23,743) |
| | Total Expenses | | 72,25,55,096 | 60,53,50,463 |
| | Profit Before Extraordinary items and Tax (3 - 4) | | 4,53,75,627 | 1,81,88,662 |
| | Add: Exceptional Items | | | |
| 3 | Profit / (Loss) Before Extraordinary items and Tax(1 - 2) | | 4,53,75,627 | 1,81,88,662 |
| 4 | Add: Extraordinary Items | | - | 1,27,90,942 |
| 5 | Profit Before Tax (3 - 4) | | 4,53,75,627 | 3,09,79,604 |
| 6 | Tax expense: | | | |
| | (a) Current tax | | 41,51,856 | 48,52,962 |
| | (b) Deferred tax | | 27,20,022 | (19,10,849) |
| | (c) (Less): MAT credit (where applicable) | | (20,29,260) | 28,04,407 |
| | | | 48,42,618 | 57,46,520 |
| 7 | Profit for the period | | 4,05,33,009 | 2,52,33,084 |
| 8 | Less Minority Interest | | 15,59,716 | 7,87,019 |
| 9 | Profit for the year after minority Interest | | 3,89,73,293 | 2,44,46,065 |
| 10 | Other comprehensive income | | | |
| | Items that will not be reclassified to Profit or Loss | | (1,02,84,460) | (1,30,77,745) |
| 11 | Total Income for the year, net of Taxes | | 2,86,88,833 | 1,13,68,320 |
| 12 | Earnings Per Equity Share | | | |
| | Basic & diluted [Nominal value of shares Rs. 10/- each] | | 2.72 | 1.08 |
| | The accompanying notes form an integral part of these financial instruments. | | | |
| In terms of our report attached. For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 0079205 | | | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, | |
| Sd/- Mathew Joseph FCA Partner MEM NO 22658 | | | Sd/- Ramesh Vangal Chairman | Sd/- Dr K Anilkumar Executive Director |
| Place : Athani Date : 30th June, 2020 | | | | Sd/- Arvind Agarwal CFO |

| Kerala Ayurveda Limited | | |
|--|--|---|
| Consolidated Cash Flow Statement for the year ended 31st March, 2020 | | |
| Particulars | For the year Ended 31st March, 2020 | For the year Ended 31st March, 2019 |
| | Amount in Rs | Amount in Rs |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before Tax and Interest | 6,08,50,574 | 5,52,61,901 |
| Adjustment to reconcile Profit Before Tax to Net Cash Flows | | |
| Interest Received | (1,97,935) | (12,65,090) |
| Finance Cost(Fair value change in Financial Instruments) | (1,02,84,459) | -7,86,39,432 |
| Finance Income (Fair value change in Financial Instruments) | 1,32,94,591 | 1,24,24,852 |
| Depreciation and Amortisation | 1,14,34,809 | 98,17,490 |
| Insurance Claim Received | - | (1,27,90,942) |
| (Profit)/Loss on sale of fixed assets | - | (3,82,730) |
| Operating profit before working capital changes | 7,50,97,579 | (1,55,73,951) |
| Adjustments for: | | |
| Trade receivables | (3,81,28,054) | (1,45,60,086) |
| Inventories | (1,24,95,059) | (1,13,15,643) |
| Other Current Assets | 2,19,96,702 | 14,16,26,032 |
| Other Financial Assets | (2,88,52,927) | (32,904) |
| Income tax Assets | (21,16,762) | 26,50,824 |
| Trade Payables | 2,28,44,186 | 49,99,906 |
| Current Financial liabilities- Provisions | 14,02,318 | (68,72,065) |
| Other Current Liabilities | 85,35,881 | 2,66,19,646 |
| Non- Current Financial liabilities- Provisions | 36,08,388 | 37,32,277 |
| Other non current liabilities | 1,25,000 | (7,00,000) |
| Cash generated from operations | (2,30,80,327) | 14,61,47,986 |
| Direct taxes paid | (21,22,596) | (76,57,369) |
| Net cash from operating activities A | 4,98,94,656 | 12,29,16,666 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed assets(including Capital Work in progress) | (3,34,69,868) | (2,46,25,327) |
| Sale of fixed assets | - | 6,01,646 |
| Insurance Claim Received | - | 1,27,90,942 |
| Loans to Subsidiaries | (69,84,035) | (1,90,81,312) |
| Interest Received | 1,97,935 | 12,65,090 |
| Net cash used in Investing activities B | (4,02,55,968) | (2,90,48,961) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds of long term loan | 2,67,37,521 | 6,59,73,542 |
| Repayment of long term loan | - | - |
| Net Increase/(Decrease) in Working Capital Borrowings | (27,69,068) | (15,72,09,717) |
| Finance Cost | (1,54,74,946) | (2,42,82,297) |
| Net cash from financing activities C | 84,93,507 | (11,55,18,473) |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 1,81,32,194 | (2,16,50,769) |
| Cash & Cash Equivalents at Beginning of year | 4,55,41,125 | 6,71,91,894 |
| Cash & Cash Equivalents at End of year | 6,36,73,319 | 4,55,41,125 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | 1,81,32,194 | (2,16,50,769) |
| The accompanying notes form an integral part of these financial instruments. In terms of our report attached. | | |
| For Maharaj Rajan & Mathew Chartered Accountants FIRM REGN NO 007920S | | For and on behalf of the Board of Directors KERALA AYURVEDA LIMITED, Sd/- Ramesh Vangal Chairman |
| Sd/- Mathew Joseph FCA Partner MEM NO 22658 | | Sd/- Dr K Anilkumar Executive Director |
| Place : Athani Date : 30th June, 2020 | | Sd/- Arvind Agarwal CFO |

Kerala Ayurveda Limited

Statement of Changes in Equity

| A Equity Share Capital | | | | | | |
|-------------------------------|--|----------------------|---------------------|------------------|-----------------------|----------------------|
| | Particulars | Note | Amount in Rs. | | | |
| | Balance as at 31st March 2019 | 13 | 10,55,56,700 | | | |
| | Changes in Equity share capital during the year, 2019-20 | | - | | | |
| | Balance as at 31st March 2020 | | 10,55,56,700 | | | |
| B Other equity | | | | | | |
| | | Note 14 | | | | |
| | Particulars | Reserves and Surplus | | | | |
| | | Capital reserve | Share premium | General reserve | Retained Earnings | Total |
| | Balances as at 1st April 2018 | 45,41,879 | 11,45,14,976 | 17,98,000 | (14,73,76,878) | (2,65,22,023) |
| | Profit for the period | | | | 2,44,46,065 | 2,44,46,065 |
| | Other comprehensive income | | | | (1,30,77,745) | (1,30,77,745) |
| | Adjustment on account of repayment of Interest Free loan to Promotor company | | | | (5,31,36,835) | (5,31,36,835) |
| | Balance as at 31st March, 2019 | 45,41,879 | 11,45,14,976 | 17,98,000 | (18,91,45,393) | (6,82,90,537) |
| | Balances as at 1st April 2019 | 45,41,879 | 11,45,14,976 | 17,98,000 | (18,91,45,393) | (6,82,90,537) |
| | Profit for the period | | | | 3,89,73,293 | 3,89,73,293 |
| | Other comprehensive income | | | | (1,02,84,460) | (1,02,84,460) |
| | Balance as at 31st March, 2019 | 45,41,879 | 11,45,14,976 | 17,98,000 | (14,71,61,968) | (2,63,07,112) |

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

For Maharaj Rajan & Mathew
 Chartered Accountants
 FIRM REGN NO 0079205

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

Sd/-
Mathew Joseph FCA
 Partner
 MEM NO 22658

Sd/-
Ramesh Vangal
 Chairman

Sd/-
Dr K Anilkumar
 Executive Director

Place : Athani
 Date : 30th June, 2020

Sd/-
Arvind Agarwal
 CFO

Notes to financial statements

1. General Information / Corporate Information

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

2. Significant Accounting Policies:

a. Basis of preparation and presentation of financial statements

i. Accounting Convention

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

ii. Historical cost convention

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

iii. Use of Estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires the use of accounting estimates that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statement and reported amounts of revenues and expenses for the year. Actual results could differ from estimates.

iv. Fair Valuation

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

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

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

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

b. Current versus non-current classification

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

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

A liability is current when:

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

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

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

c. Property, plant & Equipment

i. Property, plant and equipment

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

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

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

ii. Intangible assets

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

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

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

iii. Biological Assets

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

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

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

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

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

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

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

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

v. Derecognition

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

d. Impairment of non-financial assets

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

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

e. Financial instrument

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

i. Financial assets

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

Investments in subsidiaries and joint ventures:

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

ii. Financial liabilities

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

f. Inventories

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

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

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

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

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the

production of finished products are not written down below cost, except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

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

g. Trade Receivables

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

h. Provisions

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

i. Cash and cash equivalents

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

j. Income tax

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

i. Current Income Tax

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

ii. Deferred Tax

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

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

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

iii. Minimum Alternate Tax

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

k. Revenue recognition

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

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

Other Operating Revenue

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

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

l. Rent Deposit

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

m. Properties taken on lease

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

n. Capital Work in Progress

Project expenditure incurred as part of Development is capitalised under Capital Work in Progress as the costs can be reliably measured, future economic benefits are probable, the

product is technically feasible and the Company has the intent and the resources to complete the project. Development assets are amortised based on the estimated useful life, as appropriate.

o. Other income

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

p. Employee benefits

i. Short-term benefits:

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

ii. Other Long Term benefits:

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

Gratuity

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

Provident fund

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

The basis for determination of liability is as under:

| Particulars | Gratuity | |
|---|------------------------------|------------------------------|
| | Current year | Previous year |
| Change in present value of obligation | | |
| 1. Present value of the obligation at the beginning of the year | 46,534,004 | 40,929,277 |
| 2. Current service cost | 3,499,486 | 2,760,290 |
| 3. Interest on defined benefit obligation | 3,218,368 | 2,812,775 |
| 4. Actuarial (gain)/loss | 514,181 | 804,859 |
| 5. Benefits paid | (1,791,226) | (773,197) |
| 6. Present value of obligation at the end of the year | 51,974,813 | 46,534,004 |
| Liability recognized in the Financial statements | - | - |
| Long term | 43,583,748 | 39,865,128 |
| Short term | 8,391,065 | 6,668,866 |
| Costs for the year | - | - |
| Change in the present value of obligation | - | - |
| 1. Current service cost | 3,499,486 | 2,760,290 |
| 2. Interest Cost | 3,218,368 | 2,812,775 |
| 3. Actuarial (gain)/loss | - | - |
| 4. Total Expenses | 6,717,854 | 5,573,065 |
| Main Actuarial Assumptions | | |
| Discount rate (p.a) | 6.90% | 7.45% |
| Salary escalation rate (p.a) | 8.00% | 8.00% |
| Method | Projected Unit Credit Method | Projected Unit Credit Method |

q. Finance Costs

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

r. Foreign Currency transactions

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

s. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of effects of uncertain future

events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

3. Fair value measurement

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

3. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

| 2020 | Carrying Amt | | | Total | Fair Value | | |
|--|--------------------|-------|--------------------|--------------------|--------------------|--------------------|---------|
| | Amortised cost | FVTPL | FVTOCI | | Level 1 | Level 2 | Level 3 |
| Non-current financial assets | | | | | | | |
| Investments | | | | | | | |
| Non-trade (unquoted) | 1,262,500 | | | 1,262,500 | | 1,262,500 | |
| Non trade(quoted) | 27,850 | | | 27,850 | | 27,850 | |
| Loans | 167,237,954 | | | 167,237,954 | | 167,237,954 | |
| Other Financial assets | 14,108,015 | | | 14,108,015 | 14,108,015 | | |
| Current Financial asset | | | | - | | | |
| Trade receivable | 107,083,736 | | | 107,083,736 | 107,083,736 | | |
| Cash and cash equivalent | 63,673,319 | | | 63,673,319 | 63,673,319 | | |
| | 353,393,375 | | | 353,393,375 | 184,865,071 | 168,528,304 | |
| Non-Current Financial liabilities | | | | | | | |
| Borrowings | 367,212,116 | | 157,205,299 | 524,417,415 | 367,212,116 | 157,205,299 | |
| Current Financial | | | | | | | |
| Borrowings | 117,230,224 | | | 117,230,224 | 117,230,224 | | |
| Trade Payables | 66,542,003 | | | 66,542,003 | 66,542,003 | | |
| | 550,984,343 | | 157,205,299 | 708,189,642 | 550,984,343 | 157,205,299 | |

| 2019 | Carrying Amt | | | Fair Value | | | |
|--|--------------------|-------|--------------------|--------------------|--------------------|--------------------|---------|
| | Amortised cost | FVTPL | FVTOCI | Total | Level 1 | Level 2 | Level 3 |
| Non-current financial assets | | | | | | | |
| Investments | | | | | | | |
| Non-trade (unquoted) | 1,262,500 | | | 1,262,500 | | 1,262,500 | |
| Non trade(quoted) | 27,850 | | | 27,850 | | 27,850 | |
| Loans | 160,253,919 | | | 160,253,919 | | 160,253,919 | |
| Other Financial assets | 15,434,577 | | | 15,434,577 | 15,434,577 | | |
| Current Financial asset | | | | - | | | |
| Trade receivable | 68,955,682 | | | 68,955,682 | 68,955,682 | | |
| Cash and cash equivalent | 45,541,125 | | | 45,541,125 | 45,541,125 | | |
| | 291,475,653 | | | 291,475,653 | 129,931,384 | 161,544,269 | |
| | | | | | | | |
| Non-Current Financial liabilities | | | | | | | |
| Borrowings | 350,759,054 | | 146,920,840 | 497,679,894 | 350,759,054 | 146,920,840 | |
| | | | | | | | |
| Current Financial liabilities | | | | | | | |
| Borrowings | 119,999,292 | | | 119,999,292 | 119,999,292 | | |
| Trade Payables | 43,697,817 | | | 43,697,817 | 43,697,817 | | |
| | 514,456,163 | | 146,920,840 | 661,377,003 | 514,456,163 | 146,920,840 | |
| | | | | | | | |

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

B. Measurement of fair values

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

C. Financial risk management

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

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

i. Risk management framework

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

ii. Credit risk

Credit risk is the risk that counter-party will not meet its obligations leading to a financial loss. The Company is exposed to credit risk arising from its operating (primarily trade receivables) and financing activities including deposits placed with banks, financial institutions and other corporate deposits. The Company establishes an allowance for

impairment that represents its estimate of expected losses in respect of financial assets. Financial assets are classified into performing, under-performing and non-performing. All financial assets are initially considered performing and evaluated periodically for expected credit loss. A default on a financial asset is when there is a significant increase in the credit risk which is evaluated based on the business environment. The assets are written off when the company is certain about the non-recovery.

iii. Liquidity Risk

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

Kerala Ayurveda Limited
 Note 4: Property, Plant and Equipment

| Particulars | | | | | | | | | | | | Amount in Rs. | | | | Capital WIP | | |
|---|--------------|--------------|--------------------|-------------------|---------------------|----------------------|-------------------|------------------------|-----------|-------------------|--------------|---------------------|------------------|-----------|-----------------|-------------|--------------|--|
| | Land | Building | Building Temporary | Plant & Machinery | Electrical fittings | Furniture & Fixtures | Office equipments | Computer & Accessories | Vehicles | Misc fixed assets | Total | Web Development Exp | Preoperative Exp | Buildout | Content Dev Exp | | Total | |
| At Cost | | | | | | | | | | | | | | | | | | |
| Balance as at 1 April 2019 | 12,22,76,411 | 12,35,73,191 | 2,98,83,242 | 4,21,16,242 | 64,78,223 | 3,93,53,182 | 2,30,53,035 | 1,54,28,329 | 81,48,058 | 24,94,435 | 41,28,04,346 | 10,27,979 | 5,14,294 | 2,60,114 | 43,82,058 | 61,84,445 | 12,05,35,519 | |
| Other acquisition | | 4,58,469 | | 49,37,715 | 5,74,696 | 47,42,343 | 5,46,946 | 9,33,543 | | | 1,21,93,712 | 12,71,650 | 16,009 | 9,36,679 | 27,23,271 | 49,47,609 | 1,63,02,550 | |
| Disposal | | | | | | | | | | | | | | | | | 2,14,290 | |
| Effect of foreign currency exchange differences | | | | | | 1,22,625 | 77,629 | 80,708 | | | 2,80,962 | | 17,661 | 24,330 | 4,09,916 | 4,51,907 | | |
| Gross Block as at 31st March 2020 | 12,22,76,411 | 12,40,31,661 | 2,98,83,242 | 4,70,53,957 | 70,52,918 | 4,42,18,150 | 2,36,77,610 | 1,64,42,581 | 81,48,058 | 24,94,435 | 42,52,79,021 | 22,99,629 | 5,47,964 | 12,21,123 | 75,15,246 | 1,15,83,962 | 13,66,23,779 | |
| Depreciation & Impairment | | | | | | | | | | | | | | | | | | |
| Balance as at 1 April 2019 | - | 6,01,82,115 | 2,83,89,081 | 3,05,52,496 | 42,98,983 | 3,26,48,388 | 1,88,91,671 | 1,17,95,873 | 34,34,063 | 1,44,226 | 19,03,36,895 | 5,52,806 | - | 4,335 | 24,83,677 | 30,40,818 | - | |
| Depreciation charge for the year | | 28,33,954 | | 21,49,137 | 3,33,002 | 18,36,241 | 13,31,492 | 9,74,493 | 7,04,418 | | 1,01,62,738 | 2,51,070 | | | 10,21,000 | 12,72,070 | | |
| Disposal | | | | | | | | | | | | | | | | | | |
| Effect of foreign currency exchange differences | | | | | | 1,16,265 | 74,997 | 68,561 | | | 2,99,823 | | | 406 | 2,32,354 | 2,32,760 | | |
| Balance as at 31st March 2020 | - | 6,30,16,069 | 2,83,89,081 | 3,27,01,633 | 46,31,985 | 3,46,00,894 | 2,02,98,160 | 1,28,38,927 | 41,38,481 | 1,44,226 | 20,07,59,456 | 8,03,876 | - | 4,741 | 37,37,031 | 45,45,648 | - | |
| Carrying Value | | | | | | | | | | | | | | | | | | |
| As at 31st March 2019 | 12,22,76,411 | 6,33,91,076 | 14,94,161 | 1,15,63,746 | 21,79,240 | 67,04,794 | 41,61,364 | 36,32,456 | 47,13,995 | 23,50,209 | 22,24,67,451 | 4,75,173 | 5,14,294 | 2,55,779 | 18,98,382 | 31,43,627 | 12,05,35,519 | |
| As at 31st March 2020 | 12,22,76,411 | 6,10,15,591 | 14,94,161 | 1,43,52,324 | 24,20,933 | 96,17,256 | 33,79,449 | 36,03,654 | 40,09,577 | 23,50,209 | 22,45,19,564 | 14,95,752 | 5,47,964 | 12,16,383 | 37,78,215 | 70,38,314 | 13,66,23,779 | |

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2020

| Note No | Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---------|---|--|---|
| | | Amount in Rs. | Amount in Rs. |
| 5 | <u>Non Current Investments</u> | | |
| | Non Trade (Quoted, At cost) 500 equity shares of Rs 10 each fully paid up in Canara Bank Ltd(Quoted) Market Value Rs 90.50 last Year Rs 189.85 per share (Unquoted, At cost) 114 Equity Shares of Rs.10000/- each in Confederation for Ayurvedic Renaissance Keralam Pvt Ltd | 27,850 12,62,500 | 27,850 12,62,500 |
| | Total | 12,90,350 | 12,90,350 |
| | Market Value of Quoted Investments | 45,250 | 94,925 |
| | Aggregate amount of Unquoted Investments | 12,62,500 | 12,62,500 |
| 6 | <u>Financial assets-Loans</u> | | |
| | Loans to Katra Finance Ltd, Mauritius Katra Phytochem India Pvt Ltd Others | 16,14,07,473 40,69,901 17,60,580 | 16,02,53,919 - - |
| | Total | 16,72,37,954 | 16,02,53,919 |
| 7 | <u>Financial assets-Other financial assets</u> | | |
| | Deposits with Govt. Authorities Deposits with others Bank Deposits with Original maturity more than 12 Months Deferrred Product Development Expenditure | 11,66,429 1,23,02,099 6,39,487 3,01,79,489 | 15,41,243 1,02,27,884 36,65,450 - |
| | Total | 4,42,87,504 | 1,54,34,577 |
| 8 | <u>Income Tax assets(net)</u> | | |
| | Income Tax advance MAT credit entitlement a/c | 35,52,668 1,28,91,796 | 34,65,166 1,08,62,536 |
| | Total | 1,64,44,464 | 1,43,27,702 |
| 9 | <u>Inventories</u> | | |
| | Finished Goods Goods in transit Furnace Oil Packing Material Raw Material Stores & Spares Work in Progress WIP Nurse Training Deferred | 4,91,78,060 21,23,475 3,10,365 77,72,216 1,48,35,458 1,91,512 2,15,70,170 3,23,21,902 | 4,29,07,333 7,15,720 1,77,111 52,76,124 1,45,15,556 1,66,801 1,97,27,552 3,23,21,902 |
| | Total | 12,83,03,157 | 11,58,08,098 |
| 10 | <u>Financial assets- Trade receivables</u> | | |
| | secured, considered Unsecured, considered good Ayu Natural Medicine Clinic Katra Finance Limited MAURITIUS Katra Holdings Private Limited Less, Allowance for Doubtful debts | 7,40,50,336 - 1,89,23,730 1,41,09,670 - | 6,89,55,682 - - - - |
| | Total | 10,70,83,736 | 6,89,55,682 |
| 11 | <u>Cash and cash equivalents</u> | | |
| | (a) Cash on hand (b) Cheques, drafts on hand (c) Balances with banks (i) In Current accounts (d) Credit card Collection Due | 6,20,700 16,92,868 - 5,84,28,137 29,31,614 | 6,22,875 61,79,232 - 3,76,63,520 10,75,499 |
| | Total | 6,36,73,319 | 4,55,41,125 |
| 12 | <u>Other Current Assets</u> | | |
| | Advance for Purchase Other Advances Advance to employees Advance to vendor Prepaid expense | 47,19,365 2,38,97,435 8,94,568 - 10,86,724 | 39,91,336 4,73,84,025 4,15,765 - 8,03,667 |
| | Total | 3,05,98,091 | 5,25,94,793 |

Kerala Ayurveda Limited

Notes forming part of the financial statements for the year ended 31st March, 2020

| | Particulars | As at 31st March, 2020 | | As at 31st March, 2019 | |
|--|--|---|-----------------------------------|------------------------|-----------------------------------|
| | | Number of shares | In Rs | Number of shares | In Rs |
| 13 | Share capital | | | | |
| | (a) Authorised Capital | | | | |
| | Equity shares of Rs 10/- each with voting rights | 1,20,00,000 | 12,00,00,000 | 1,20,00,000 | 12,00,00,000 |
| | (b) Issued Capital | | | | |
| | Equity shares of Rs 10/- each with voting rights | 1,05,55,670 | 10,55,56,700 | 1,05,55,670 | 10,55,56,700 |
| | (c) Subscribed and fully paid up | | | | |
| | Equity shares of Rs 10/- each with voting rights | 1,05,55,670 | 10,55,56,700 | 1,05,55,670 | 10,55,56,700 |
| | Total | 1,05,55,670 | 10,55,56,700 | 1,05,55,670 | 10,55,56,700 |
| Notes: | | | | | |
| (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period: | | | | | |
| | Particulars | Opening Balance | Fresh issue | Buy back | Closing Balance |
| | Equity shares with voting rights | | | | |
| | Year ended 31st March, 2020 | 1,05,55,670 | - | - | 1,05,55,670 |
| | - Number of shares | 10,55,56,700 | - | - | 10,55,56,700 |
| | - Amount (In Rs.) | | | | |
| | Year ended 31st March, 2019 | | | | |
| | - Number of shares | 1,05,55,670 | - | - | 1,05,55,670 |
| | - Amount (In Rs.) | 10,55,56,700 | - | - | 10,55,56,700 |
| (ii) Rights, Preferences and restrictions attached to Equity Shares: | | | | | |
| The Company has one class of equity shares, having a par value of Rs 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company in proportion to their share holding. | | | | | |
| (iii) Details of shares held by each shareholder holding more than 5% shares: | | | | | |
| | Class of shares / Name of shareholder | As at 31st March, 2020 | | As at 31st March, 2019 | |
| | | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| | Equity shares with voting rights | | | | |
| | Katra Holdings Ltd | 64,93,435 | 61.52% | 64,93,435 | 61.52% |
| (iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: | | | | | |
| | Particulars | Equity shares with voting rights-No of Shares | | | |
| | | Opening Balance | Fresh issue | Buy back | Closing Balance |
| | As at 31st March, 2020 | | | | |
| | M/s Katra Holdings Ltd, the holding company | 64,93,435 | | | 64,93,435 |
| | As at 31st March, 2019 | | | | |
| | M/s Katra Holdings Ltd, the holding company | 64,93,435 | | | 64,93,435 |

| Note No | Particulars | As at 31st March, 2020 Amount in Rs. | As at 31st March, 2019 Amount in Rs. |
|---------|---|---|---|
| 14 | Other Equity | | |
| | Capital Reserve | 45,41,879 | 45,41,879 |
| | Share Premium | 11,45,14,976 | 11,45,14,976 |
| | General reserve | 17,98,000 | 17,98,000 |
| | Net Surplus / (Deficit) in the Statement of Profit and Loss | (14,71,61,967) | (18,91,45,392) |
| | Total | (2,63,07,112) | (6,82,90,537) |
| 15 | Financial Liabilities- Borrowings (Non Current) | | |
| | (a) Term loans | | |
| | Vehicle Loan | - | 3,96,572 |
| | ECL Finance Limited | 30,90,97,260 | 30,34,39,726 |
| | Sumunnati Finance | 52,59,673 | |
| | Katra Holding Pvt Ltd | 15,72,05,299 | 14,69,20,840 |
| | Katra Finance Limited | 4,77,97,360 | 4,37,08,929 |
| | Total | 52,44,17,415 | 49,76,79,894 |
| 16 | Financial Liabilities-Provisions (Non Current) | | |
| | Provision for Gratuity | 4,35,83,748 | 3,99,75,360 |
| | Total | 4,35,83,748 | 3,99,75,360 |
| 17 | Other Long-Term Liabilities | | |
| | Deposits Received from Business associates | 31,40,000 | 30,15,000 |
| | Advance from TGBL(ICD) | 4,25,00,000 | 42500000 |
| | (Secured by EM Of 2 Acres and 4 Guntas of land bearing Survey No 49 of Sonnapanahalli Village,Doddaballaour Taluk, Bengaluru) | | |
| | Total | 4,56,40,000 | 4,55,15,000 |
| 18 | Financial Liabilities -Borrowings(Current) | | |
| | Secured loan repayable on demand | | |
| | Kotak Mahindra Bank-Ernakulam (OD) | 1,05,94,103 | 1,07,15,656 |
| | Kotak Mahindra Bank-Bangalore (OD) | 7,55,95,014 | 7,92,36,956 |
| | Kotak Mahindra Bank Short Term Loan | 2,01,60,929 | 2,01,61,370 |
| | (Credit Facilities from Kotak Mahindra Bank are secured Against exclusive charge on entire current assets of the Company both present and future , Collateral in the form of equitable mortgage of land belonging to the Company in Kallor Thekkummuri Village , Trichur District and mortgage of land belonging to Chairman situated at Bangalore and personal guarantee of Chairman) | | |
| | Kotak Mahindra Bank STL | - | 19,56,517 |
| | (Secured by Lein on Fixed Deposit held with Kotak Mahindra Bank and personal guarantee of the Directors) | | |
| | Kotak Mahindra Bank Limited (Vehicle Loan) | 3,90,404 | 4,95,048 |
| | Unsecured Loans | - | - |
| | Current Maturities of Long term loans | 1,01,68,594 | 59,21,240 |
| | Credit card Dues | 3,21,180 | 15,12,505 |
| | Total | 11,72,30,224 | 11,99,99,292 |
| 19 | Trade Payables | | |
| | Trade payables outstanding dues to Micro, small and medium enterprises under MSMED Act, 2006 | | |
| | Sundry Creditors- Mfgs. | 4,28,38,318 | 2,94,80,030 |
| | Sundry Creditors- Others | 1,96,53,067 | 1,42,17,787 |
| | Total | 6,65,42,003 | 4,36,97,817 |
| 20 | Other current liabilities | | |
| | (a) Other payables | | |
| | Advances from Customers | 5,90,41,175 | 6,00,16,338 |
| | Statutory Liabilities | 64,06,933 | 62,74,034 |
| | Accrued Employee Liabilities | 1,32,63,780 | 89,12,343 |
| | Loans repayable within one year-HP Loan | 2,69,221 | 1,94,097 |
| | Rent Payable | 65,77,215 | 73,38,537 |
| | Other Current Liabilities | 1,64,59,023 | 1,24,51,809 |
| | Provision for gratuity | 83,91,065 | 66,85,372 |
| | Total | 11,04,08,412 | 10,18,72,531 |
| 21 | Provisions | | |
| | (a) Provision - Others: | | |
| | Bonus Payable | 61,10,000 | 44,40,800 |
| | Privilage Leave Encashment Payable | 12,60,402 | 8,96,652 |
| | Provision for Taxation | 43,59,227 | 49,89,859 |
| | Total | 1,17,29,629 | 1,03,27,311 |

| Kerala Ayurveda Limited | | | |
|--|---|------------------------|------------------------|
| Notes forming part of the financial statements for the period ended 31st March, 2020 | | | |
| Note No. | Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
| | | Amount in Rs | Amount in Rs |
| 22 | Revenue from Operations | | |
| | (a) Sale of products | 47,63,70,490 | 41,08,34,325 |
| | (b) Sale of services | 29,13,62,299 | 21,10,25,269 |
| | | - | - |
| | Total | 76,77,32,788 | 62,18,59,594 |
| | (i) Sale of products comprises: | | |
| | Sale of Products | 47,63,70,490 | 41,08,34,325 |
| | Total | 47,63,70,490 | 41,08,34,325 |
| | (ii) Sale of services comprises: | | |
| | Treatment Income | 17,06,14,036 | 14,18,63,621 |
| | Training Income | 11,47,83,953 | 6,61,97,233 |
| | Other Operational Income | 59,64,310 | 29,64,414 |
| | Total | 29,13,62,299 | 21,10,25,269 |
| 23 | Other Income | | |
| | Other Income | - | 4,14,441 |
| | Interest Received | 1,97,935 | 12,65,090 |
| | Total | 1,97,935 | 16,79,531 |
| 24 | Cost of materials consumed | | |
| | Raw Material | | |
| | Opening stock | 1,45,15,556 | 1,25,13,034 |
| | Add: Purchases | 11,43,63,677 | 10,42,41,860 |
| | Less: Closing stock | 1,48,35,458 | 1,45,15,556 |
| | (A) | 11,40,43,776 | 10,22,39,338 |
| | Packing Material | | |
| | Opening Stock | 52,76,124 | 37,96,657 |
| | Add: Purchase | 2,96,55,427 | 2,57,81,991 |
| | Less: Closing Stock | 77,72,216 | 52,76,124 |
| | (B) | 2,71,59,335 | 2,43,02,524 |
| | Cost of material consumed(A+B) | 14,12,03,110 | 12,65,41,863 |
| 25 | Purchase of Stock In Trade | | |
| | Purchase of Medicines | 1,20,41,991 | 1,41,02,107 |
| | Total | 1,20,41,991 | 1,41,02,107 |
| 26 | Changes in inventories of stock of F G, WIP & Stock in trade | | |
| | Inventories at the end of the year: | | |
| | Stock of FG,WIP & Stock in Trade | 6,13,22,837 | 5,76,67,481 |
| | | 6,13,22,837 | 5,76,67,481 |
| | Inventories at the beginning of the year: | | |
| | Stock of FG,WIP & Stock in Trade | 5,76,67,481 | 5,29,25,538 |
| | | 5,76,67,481 | 5,29,25,538 |
| | Net (increase) / decrease | (36,55,356) | (47,41,942) |
| 27 | Employee benefits expense | | |
| | Salaries and wages | 21,33,91,914 | 18,11,17,302 |
| | Contribution to Provident Fund | 1,14,83,246 | 1,08,09,976 |
| | Staff welfare expenses | 2,14,29,816 | 1,72,31,568 |
| | Total | 24,63,04,975 | 20,91,58,846 |

Kerala Ayurveda Limited

Notes forming part of the financial statements for the period ended 31st March, 2020

| Note No. | Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|----------|---|------------------------|------------------------|
| | | Amount in Rs | Amount in Rs |
| 28 | Finance costs | | |
| | (a) Interest expense on: | | |
| | (i) Borrowings | 1,42,27,699 | 2,04,44,713 |
| | (ii) Others | - | - |
| | - Other Interest | 12,47,247 | 38,37,584 |
| | Total | 1,54,74,946 | 2,42,82,297 |
| 29 | Depreciation expense | | |
| | Depreciation | 1,04,13,809 | 89,36,608 |
| | Amortisation | 10,21,000 | 8,80,882 |
| | Total | 1,14,34,809 | 98,17,490 |
| 30 | Other expenses | | |
| | Rent | 2,94,30,586 | 2,46,20,184 |
| | Bank Charges | 14,97,537 | 14,57,458 |
| | Rates and Taxes | 27,63,710 | 34,20,951 |
| | Legal & Professional charges | 89,46,376 | 68,65,677 |
| | Directors Sitting Fee | 7,15,000 | 5,35,000 |
| | Research and Development Expenses | 6,16,830 | 3,81,507 |
| | Travelling -Others | 91,45,092 | 35,17,722 |
| | Repairs & Maintenance- Others | 24,29,850 | 21,84,148 |
| | Vehicle Maintenance | 2,48,998 | 3,09,018 |
| | Insurance | 13,13,732 | 7,93,399 |
| | Printing & Stationery | 48,04,955 | 23,86,350 |
| | Postage & Telephone | 37,08,449 | 42,32,662 |
| | Secretarial Expenses | 16,94,566 | 16,94,738 |
| | Repairs & Maintenance Branch assets | 21,33,432 | 5,67,690 |
| | Conveyance Expenses | 36,03,147 | 40,23,982 |
| | Canteen Expenses | 19,56,114 | 17,60,835 |
| | Electricity charges (Branches/Depot) | 27,59,236 | 20,63,221 |
| | Other Administrative Expenses | 1,05,51,444 | 1,03,82,810 |
| | Internal Audit fee | 50,000 | 60,000 |
| | Audit fee | 1,50,000 | 2,75,000 |
| | Travelling-Sales Staff | 1,61,97,906 | 1,63,41,870 |
| | Advertisements | 14,75,525 | 4,23,556 |
| | Commission & Discount | 1,44,28,155 | 97,20,977 |
| | Training Expenses | 5,22,771 | 4,57,576 |
| | Freight Outward | 1,07,14,524 | 93,04,592 |
| | Sales promotion exp | 2,30,63,353 | 1,50,85,730 |
| | Other Selling & Distribution Expenses | 1,61,74,034 | 66,02,118 |
| | Fuel Consumed | 1,22,54,146 | 65,57,365 |
| | Electricity charges | 48,06,104 | 28,10,563 |
| | Repairs to Plant & Machinery | 41,35,167 | 48,69,010 |
| | Repairs to Building | 32,33,289 | 32,43,608 |
| | Job Works | 2,25,90,457 | 2,59,61,789 |
| | Other Manufacturing Expenses | 41,69,738 | 33,97,605 |
| | Cultivation Expenses | 3,01,704 | 2,27,091 |
| | Treatment Expenses | 2,40,53,749 | 1,84,86,090 |
| | Total | 29,06,69,475 | 22,96,13,545 |
| | (i) Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| | As auditors - Statutory audit & Tax Audit | 2,50,000 | 3,75,000 |
| | For Certification and other matters | 12,500 | 78,500 |
| | Reimbursement of expenses | 40,000 | 37,620 |
| | Total | 3,02,500 | 4,91,120 |

Kerala Ayurveda Limited

Notes forming part of the Consolidated financial statements for the year ended 31st March, 2020

| | | | |
|-----------|---|--|--------------------------|
| 31 | Consolidation | | |
| | a. Nutraveda Pte Ltd incorporated in Singapore on 29 th June 2009 is yet to commence business. | | |
| | b. Details of Subsidiaries | | |
| | Name of the company | Country of Inc. | % of Voting Power |
| | Ayurvedagram Heritage Wellness Center Pvt Ltd | India | 74% |
| | Ayu Natural Medicine Clinic, PS. | USA | 100% |
| | Ayurvedic Academy INC. | USA | 100% |
| | Nutraveda INC. | USA | 100% |
| | Nutraveda Pte Ltd | Singapore | 100% |
| | CMS Katra Holdings LLC * | USA | 81.67% |
| | CMS Katra Nursing LLC | USA | 100% |
| | * CMS KatraNursing LLC, is a step down subsidiary of the company. | | |
| 32 | Related party transactions | | |
| | A: Names of related parties and nature of related party relationships | | |
| | Description of relationship | Names of related parties | |
| | Holding Company | Katra Holdings Ltd, Mauritius | |
| | Companies where Promoter Director is having control/significant influence | All Seasons Herbs Pvt. Ltd. | |
| | | KAL Ayurveda Research | |
| | | Katra Holding Pvt. Ltd. | |
| | | Katra Finance Ltd, Mauritius | |
| | | Confederation for Ayurvedic Renaissance Keralam Ltd | |
| | | S R Pharmaceuticals | |
| | | Global Agri Systems Pvt Ltd | |
| | | Global Nutri Food India Pvt Ltd | |
| | | Katra Phytochem India Pvt. Ltd. | |
| | | Mason & Summers Leisure Pvt. Ltd. | |
| | Director/Key Managerial Person | Dr K Anil Kumar, Whole time Director | |
| | | Mr Arvind Agarwal , CFO | |
| | | Mr K. Raghunadhan, Ms Surbhi Sharma, Company Secretary | |
| | Note: Related parties have been identified by the Management. | | |
| | B: Transactions with Related Parties | | |
| | Particulars | 31st March, 2020 | 31st March, 2019 |
| | Purchase of Raw Materials | | |
| | All Season Herbs Pvt Ltd | 27,36,462 | 40,13,320 |
| | Confederation for Ayurvedic Renaissance Keralam Ltd | 2,82,508 | 2,72,650 |
| | Katra Phytochem (India) Pvt Ltd | 1,13,53,769 | 11,28,291 |
| | Sale of Medicines & Treatments | | |
| | Katra Phytochem India Pvt Ltd | 3,78,796 | - |
| | Services Rendered | | |
| | Katra Holding Pvt Ltd | 12,24,875 | 42,86,000 |
| | Katra Phytochem India Pvt Ltd | 1,48,809 | 2,65,617 |
| | Global AgriSystems Pvt Ltd | | |
| | Services Received | | |
| | Mason & Summers Leisure P Ltd | 23,13,972 | 17,76,567 |
| | S R Pharmaceuticals | 54,25,609 | 66,72,884 |


| | | | |
|-----------|---|--------------|--------------|
| | Remuneration Paid | | |
| | Dr K Anilkumar, Executive Director | 28,84,903 | 30,24,000 |
| | Mr Arvind Agarwal , CFO | 28,30,130 | 28,92,000 |
| | Mr K. Raghunadhan, Company Secretary | - | 4,88,590 |
| | Ms Surbhi Sharma, Company Secretary | 1,55,883 | - |
| | Reimbursement of Expenses | | |
| | Katra Phytochem India Pvt Ltd | 84,969 | 61,777 |
| | Advances | | |
| | Mason & Summers Leisure P Ltd | 15,45,938 | 14,76,507 |
| | Payables | | |
| | Mason & Summers Leisure P Ltd | - | 5,73,577 |
| | Repayment of Loans | | |
| | Katra Holding Pvt Ltd | - | 13,60,81,741 |
| | Katra Finance Ltd, Mauritius | (50,87,471) | 1,01,16,939 |
| | Receivables | | |
| | Katra Holding Pvt Ltd | 1,41,09,670 | 1,23,41,552 |
| | Global AgriSystems Pvt Ltd | - | 2,36,800 |
| | Global Nutri Food India Pvt Ltd | - | 10,65,949 |
| | Balances outstanding at the end of the year | | |
| | Katra Finance Ltd, Mauritius | 13,27,47,470 | 11,65,44,990 |
| | from Katra Holding Pvt Ltd | 15,72,05,299 | 14,69,20,840 |
| 33 | Contingent Liabilities | | |
| | The company has given a bank guarantee of Rs.500,000/- to The Registrar, Banaras Hindu University towards security deposit for setting up Kerala Ayurveda Panchakarma Center at S S Hospital under BHU. | | |
| 34 | NCLT Matter related to TGBL Note | | |
| | Tata Global Beverages Limited ('TGBL') has made an application on 25.10.2019 before the Hon'ble NCLT, Kochi for recovery of Rs5.18 crores along with interest, being advance of Rs 4.25 crores made to the company under the Joint Development Agreement dated 28.06.2013, pursuant to the MOU dated 27.12.2010, Joint Development Agreement dated 09.02.2012 and Guarantee Agreement dated 05.09.2014. The Company filed an application before the Hon'ble NCLT, Kochi under Section 8 of the Arbitration and Conciliation Act, 1996 as all disputes between the Parties under the aforesaid agreements are to be resolved by reference to arbitration. The Hon'ble NCLT, Kochi vide its order dated 10.02.2020 dismissed the application made by the Company. The Company filed an appeal before the Hon'ble NCLAT and the Hon'ble NCLAT vide its order dated 16.02.2020 dismissed the Company's appeal stating that the Hon'ble NCLT, Kochi has not passed any order either admitting or rejecting the application of TGBL. The matter is sub-judice and pending before the Hon'ble NCLT, Kochi. The company has not accepted the interest claim of Rs.93 lakhs raised by TGBL | | |

| | | | |
|---------------------------------------|--|--|-------------------------------|
| 35 | Deferred tax assets/ (liabilities) | | |
| | Particulars | As at 31st March, 2019 | Movement |
| | | | As at 31st March, 2020 |
| | Book/Tax depreciation difference | (1,13,43,261) | 5,48,104 |
| | Provision for Gratuity | 45,95,262 | 17,13,104 |
| | Unabsorbed Depreciation Carried forward | (34,07,718) | (49,81,231) |
| | Total deferred tax liability | (1,01,55,717) | (27,20,023) |
| 36 | Earnings per share : | | |
| | Particulars | 31st March, 2020 | 31st March, 2019 |
| | Net Profit /(Loss) after Tax | 2,86,88,833 | 1,13,68,320 |
| | Weighted Average Number of Shares outstanding during the year | 1,05,55,670 | 1,05,55,670 |
| | Earnings Per Share (Rs.) | 2.72 | 1.08 |
| | Nominal Value of Shares (Rs.) | 10.00 | 10.00 |
| 37 | Segment results: The company is primarily engaged in Ayurvedic services and products. Accordingly there is no separate reportable segment in accordance with AS 17-Segment reporting prescribed under the Companies (Accounting Standards) Rules 2006. | | |
| 38 | Previous year figures have been re-grouped / re-classified wherever necessary to correspond with the current year classification/Disclosure. | | |
| In terms of our report attached. | | | |
| For Maharaj Rajan & Mathew | | For and on behalf of the Board of Directors | |
| Chartered Accountants | | KERALA AYURVEDA LIMITED, | |
| FIRM REGN NO 007920S | | | |
| Sd/- | | Sd/- | Sd/- |
| Mathew Joseph FCA | | Ramesh Vangal | Dr K Anilkumar |
| Partner | | | Executive Director |
| MEM NO 22658 | | | |
| Place : Athani | | | Sd/- |
| Date : 30th June, 2020 | | | Arvind Agarwal |
| | | | CFO |

THIS COUPON ENTITLES YOU TO PURCHASE KAL'S MEDICINES FROM THE COMPANY'S
DIRECT OUTLETS AT 15% DISCOUNT

15% DISCOUNT
ON M.R.P ₹ 500/-


Name.....
Signature.....
Folio No.....



VALID UPTO 31-03-2021

15% DISCOUNT
ON M.R.P ₹ 500/-


Name.....
Signature.....
Folio No.....



VALID UPTO 31-03-2021

15% DISCOUNT
ON M.R.P ₹ 500/-


Name.....
Signature.....
Folio No.....



VALID UPTO 31-03-2021

15% DISCOUNT
ON M.R.P ₹ 500/-

Name.....
Signature.....
Folio No.....



VALID UPTO 31-03-2021

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

| | | |
|---|--|--|
| <p><u>HOSPITALS: IN KERALA</u></p> <p>KERALA AYURVEDA HOSPITAL MONASTERY LANE. A M ROAD ALUVA, 683101 ERNAKULAM DIST. PH: 0484 2626119,2626966</p> <p>KERALA AYURVEDA HOSPITAL OPPOSITE AXIS BANK, BANK ROAD, KASARAGODE-671 121 PH : 0499-4222519</p> <p><u>TREATMENT CENTRES-IN KERALA</u></p> <p>KERALA AYURVEDA WELLNESS CENTER OLD WARRIAM ROAD EAST A.M.THOMAS ROAD, ERNAKULAM-682 016. PH: 0484-2375292, 2378198</p> <p>KERALA AYURVEDA WELLNESS CENTER XXVII/478, THEJUS, OPP NANDILATH G MART, TOLL JN, EDAPALLY, ERNAKULAM-682 016. PH: 0484-2557244</p> <p>KERALA AYURVEDA WELLNESS CENTRE UNIT OF THE HEALTH VILLAGE ZEEIN, AMC VIII /73, BANK ROAD, ALUVA 683101 PH:0484- 3221365,0484-2623578</p> <p><u>FRANCHISEE CLINIC- KERALA</u></p> <p>KERALA AYURVEDA CLINIC OPP NEW KSRTC BUS STAND FORT ROAD, NORTH PARUR, ERNAKULAM DIST. PH: 0484-2445718</p> <p>CLINICS OUTSIDE KERALA</p> <p>KARNATAKA: KERALA AYURVEDA CLINIC 12, BOWRING HOSPITAL ROAD, SHIVAJI NAGAR, BENGALURU-560 001. PH: 080-25591825</p> <p>KERALA AYURVEDA CLINIC NO.285. WHITEFIELD MAIN ROAD, OPP STATE BANK OF MYSORE, WHITEFIELD, BENGALURU-560 065. PH: 080-28456212</p> <p><u>HEALTH RESORT</u></p> <p>AYURVEDAGRAM AYURVEDAGRAM HERITAGE WELLNESS CENTRE PVT LTD HEMANDANAHALLI, SAMETHANHALLI POST, VIA WHITEFIELD, BENGALURU-560 067. KARNATAKA PH: 080-27945428- 30, 65651090</p> <p>THE HEALTH VILLAGE KERALA AYURVEDA LIMITED MONASTERY LANE. A M ROAD ALUVA 683101 ERNAKULAM DIST. PH: 0484 2625630 2628630</p> <p><u>ACADEMY</u></p> <p>KERALA AYURVEDA ACADEMY MONASTERY LANE. A M ROAD ALUVA - 683 101. PH: 0484-2628707</p> <p>KERALA AYURVEDA ACADEMY USA 691 MILPITAS BLVD, SUITE 206 MILPITAS, CALIFORNIA 95035 USA PH:+1(888) 275-9103(Toll Free) +1(510)257-4378</p> | <p><u>TREATMENT CENTRES-OUTSIDE KERALA</u></p> <p>KERALA AYURVEDA WELLNESS CENTER AD 20(PLOT NO.3337) 5th AVENUE, ANNA NAGAR, CHENNAI-600 040. 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