

KERALA AYURVEDA LIMITED

Registered Office: VII/415,
Nedumbassery, Athani P O, Aluva-683585

Recording Transcript

30th Annual General Meeting

Date of Meeting : 27th September, 2022
Time : 11 A.M. (IST)
Place : Through Video Conferencing(VC) or Other Audio-Visual Means (OAVM)

Welcome you all to the 30th Annual General meeting of Kerala Ayurveda Ltd. This is CS B R Ashitha, CS of the company and I request Dr K Anilkumar, Whole time director of the company to give the Welcome speech, directors roll call and attendance.

Dr.K.Anilkumar : Welcome Ladies and Gentlemen, It gives me immense pleasure to welcome all of you, shareholders and directors to this 30th Annual General Meeting of our company.

I will give a brief introduction. Most of the directors are familiar to you. We have a new director. And we have all directors present today for this AGM and we have Mr Ramesh Vangal, Chairman. I welcome Mr Ramesh Vangal, Chairman to this 30th AGM of Kerala Ayurveda Ltd. And we have Mr. Gokul Patnaik. I welcome Mr Gokul Patnaik to this meeting. And Mr Subramanian Krishnamurthy, Ms Shilpa Kiran, Anand Subramanian, Mr Harish are present I welcome all of you to this 30th Annual General Meeting. Now we have Mr Rajesh Sharma, New Independent director joined recently. I am introducing him to all of you. Rajesh Sharma is a well-known resident of Jammu with deep roots in the society. He has actively contributed for the well-being of his people and is associated with various charitable causes. He has been active at the industry level and has espoused the cause of development of Jammu and Kashmir at various platforms. He is currently serving as Co-Chairman of Federation of Indian Chambers of Commerce & Industry (FICCI), J&K and is also a past Chairman of Confederation of Indian Industry (CII), J&K. He is actively setting up industrial plants in Jammu and has been associated with various multinational Companies like PepsiCo, Parle, Punjab MilkFed, Samsonite, etc. He has been Logistic Service Provider for over 30 years and is doing sales and marketing of juices and packaged

drinking water under his own brands. His operations are spread over in J&K, Punjab, Himachal Pradesh, Delhi and Chandigarh. I welcome Mr. Rajesh sharma to this meeting. And along with that we have Mr George KT participating as CFO of the company. Mr Biju George, Auditor and Mathew Joseph, Statutory auditors and Mr Vincent, Secretarial Auditor and we have Ms Ashitha, Company Secretary. I welcome all of you to this meeting. Now I would like Mr Ramesh Vangal, our Chairman to occupy the chair and conduct the meeting. Thank you.

Chairman - Thank you. Ashitha, please guide us through the process and procedure.

Ashitha _ yes sir, First we will take up the resolutions which requires shareholders approval. After the 3rd resolution you will hand over to Anil sir and after that you will take charge after the 4th resolution. First we will go through the resolutions.

The second resolution is the retirement of directors by rotation. The non executive Director, Mr Anand Subramnian is liable to retirement by rotation. His reappointment is the second resolution. The 3rd is regularization of appointment of Rajesh Sharma. I request the shareholders to approve the resolution for appointment of Rajesh Sharma as Independent director.

Chairman - What will we do whatever if there is any questions we will consider after presentation. Kindly go through the resolution.

The fourth resolution is to approve the related party transactions with Katra Phytochem. We have loan transaction and also sale of medicines and sale and purchase of medicines. And the fifth is the ratification of the remuneration to Cost Auditors. These are the five resolutions require the approval of the shareholder.

Chairman - Every Body please mute. Can you please read the resolutions please, Ashitha.

Ashitha - First resolution we have adoption of the Standalone and consolidated Financial statements for the year ended 31st March 2022.

- The Audited Balance Sheet, Profit & Loss Account, Report of the Directors and Auditors thereon had been sent to the shareholders who have registered their Email ID with the Registrar and Share Transfer agents. With the members' permission they were taken as read.

The Chairman considered the Auditor's Report and Secretarial Auditors' Report as read.

- The company had not received any specific written queries regarding the Accounts from the Members.

Now we will proceed with the resolutions.

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2022, together with the reports of the Board of Directors and Auditor's thereon.
 - b) The Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2022 together with the report of the Auditor's thereon.

“RESOLVED THAT the Audited Financial Statements (including consolidated financial statements) for the financial year ended March 31, 2022 together with the Reports of the Board of Directors and Auditors thereon as placed before the meeting be and are hereby approved and adopted.

2. To appoint a Director in place of Mr. Anand Subramanian (DIN: 00064083), who retires by rotation, and being eligible, offers himself for re-appointment

“RESOLVED THAT Mr. Anand Subramanian (DIN: 00064083) Director of the company, who retires by rotation at this meeting and being eligible, offers himself for reappointment, be and is hereby re-elected as director of the company whose period of office shall be liable to determination by retirement of directors by rotation.”

Chairman shall invite queries from members.

Special business

3. Regularization of Appointment of Mr. Rajesh Sharma as an Independent Director
To consider and, if thought fit, to pass the following resolution as a “Special Resolution”:
“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof), Mr. Rajesh Sharma (DIN: 00811525), who was appointed as an additional director of the

company, categorized as independent Director, by the board of directors with effect from 28th June 2022, in terms of Section 161 of the Companies Act, 2013, in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as an independent director of the company for a period of five years with effect from 28th June 2022 to hold office up to 27th June 2027, not liable to retire by rotation.

RESOLVED FURTHER THAT any of the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary to give effect to the above said resolution.”

Being a related party to the next resolution, I hereby pass the Chair to Dr.K.Anilkumar for the resolution - To approve related party transaction with Katra Phytochem (India) Private Limited.

4. To approve related party transaction with Katra Phytochem (India) Private Limited

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

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions if any of the Companies Act, 2013 (the Act) read with the Companies (Meeting of the Board and its powers) Rules, 2014 and read with Clause 23(4) of the SEBI(LODR) Regulations, 2015 and subject to such approvals, consents, sanctions and permission as may be necessary, consent of the members of the Company is hereby accorded to the Board of Directors of the Company to enter into an arrangement/contract/transaction with M/s. Katra Phytochem (India) Private Limited, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for a loan transaction of Rs.1500.97 lakhs and purchase/sale of medicines Rs.10.94 lakhs during the period 01.04.2021 to 31.03.2022 and upto an aggregate value of Rs.60 lakhs for purchase/sale of medicines and upto Rs.3,000 lakhs for loan transactions for a period of 3 years from 01.04.2022 to 31.03.2025 as resolved by the Audit committee and Board of Directors being beneficial to the company and on arms lengths basis.

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

Dr.K.Anilkumar: I hand it over to the Chairman, Mr. Ramesh Vangal

5. Ratification of the remuneration to Cost Auditors

To consider and if thought fit to pass with or without modifications the following resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 (“the Act”) and the approval by the Board of Directors of the Company be and is hereby accorded for ratification of the remuneration of Rs 1 lakh (plus out of pocket expenses & service tax as applicable) per financial year to M/s. SLR & Associates., Cost Accountants Firm, SASKAN-42, Kaliyaparambil, Eloor North, Tripunithura, Kochi-682306 as the Cost Auditors of the Company for the year 2021-22 and 2022-23.”

- 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, MCA Circulars and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company had provided remote e-voting facility to the Members of the Company from Saturday, 24th September, 2022 (9.00 am) to 26th September, 2022 (5.00 pm) for all the five (5) resolutions mentioned in the AGM Notice.
- He further informed that Mr. P. D. Vincent, Managing Partner, SVJS & Associates, Company Secretaries were appointed as Scrutinizers in the said process.
- Chairman then suggested to the Members attending the AGM and who had not availed the remote e-voting facility could cast their vote through E-voting which was open till 20 minutes after the conclusion of the AGM.
- Members were informed that Mr. P. D. Vincent, Practicing Company Secretary will act as the scrutiniser in the E-Voting process. Upon completion of the voting process, the scrutiniser will count the votes and submit the result to the Chairman. The result of the polling would be declared by the company to the Stock Exchanges within 2 working days from the conclusion of the meeting. The polling result will also be displayed on Company’s website within 2 working days
- The Chairman confirmed compliance with the relevant provisions of the Companies Act, 2013 and the Rules and Secretarial standards made there under with respect to calling, convening and conducting the Meeting.

Ashitha: Let us start with the presentation.

Ashitha : Manikandan sir, will you Please share the presentation.

Good morning my dear shareholders. We will take through the next slide a complete review not only the highlights but all the future developments. Financial perspectives and some new developments.

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

EBITDA Movement Business Division	FY, 21-22	FY, 20-21	FY, 19-20	Change	
				Vs 20-21	Vs 19-20
Distribution	540	260	202	108%	167%
Health Services	63	-116	58	154%	7%
Ayurvedagram	136	-112	86	221%	58%
Digital India	162	62	8	159%	1915%
US Business	309	252	83	23%	273%

- D2D : Dramatic improvement in margin driven by lower cost and free product discounts

- HS / Agram: Cost structures revamped to minimize Fixed costs.
- Digital India: Our investment in this new vertical beginning to pay-off. We will continue to invest in ecommerce consumer product portfolio and digital marketing.
- US Biz: This predominantly online business has demonstrated an ability to increase profits YoY despite significant investments.

Our company has come out of the COVID induced slump to transform ourselves in to a resilient, dynamic unit which is now positioned to deliver sustainable, long-term growth.

In 21/22, we focused on transforming the company towards becoming a digitally led Consumer & Doctor centric business, with a focus on reducing fixed costs and improving margins. This will also allow us to insulate our business from future pandemics which we hope will never happen.

Consolidated Revenues for FY 21-22 has increased by 30% to Rs. 8070 Lakhs Vs Rs. 6219 Lakhs in FY 20-21, despite TWO waves of COVID. Consolidated EBITDA increased to Rs. 1201 Lakhs (excluding Forex Loss of Rs. 149 Lakhs) from Rs. 86 Lakhs in 2020-21.

From August 2020, Since Covid, KAL has re engineered the business with the following strategic priorities to the board and BSE.

- Convert Fixed Costs to Variable costs
- Reimagine, Reconstruct, Re-engineer KAL
 - Dramatically improved margins
 - Leaner and more flexible organization structure
 - Drive innovation
 - Build Consumer Portfolio
 - Focus on Digital
 - US and Global business to build long term profitability

Reach the Doctor directly, minimize intermediaries/ layers

Adopt Customer Centricity as long term mantra

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

There are major challenges which we will continue to tackle to deliver promising growth.

We will need to make major expenses towards India & US digital, New Products as well as refurbishment of our fast growing Health Service business.

US Patent:

We have been informed by the US patent office that we may be awarded a patent for our unique proprietary poly herbal Ayurvedic formulation. We believe, this will be perhaps the 1st ever US patent featuring Ayurveda.

This uniquely processed proprietary 7-ingredient formulation, have been through the rigors of modern scientific validation for its Safety, Purity and Efficacy through Phytochemical & Marker Analysis, Extensive pre-clinical studies in the US and Pharma rigor double blind placebo controlled Clinical Study in India at the Banaras Hindu University (BHU).

We expect this landmark development to get wide publicity, globally.

Chairman also described about the “Super Me products”.

Ashitha : First speaker - Raju Mohanappa.

Not seeing his name.

Second speaker - Santhosh Kumar sir, Got a message from Raju Mohanappa that he is present.

Chairman - please give the protocol for the questions and answers

Ashitha - we will have 2 to 3 minutes for each shareholder. He can have the query and muted after that will be answered.

Manikandan- Raju can talk.

Raju - Can you hear me. Sir, thank you very much for your all your services to the company. I consistently see that the promoters has been offering interest free loans and trying to modernize the company, and also thank you for giving this opportunity to ask the questions. I have couple of questions. One is regarding the patent that you have for diabetics. What kind of opportunities we have once we get the patent also brief on if there are any other patent on you are focusing. The second question is the company has transformed a lot in 18 years very much everyone should have shared and we have still as you told in the presentation no of years even after such a long period and we have been trying to grow on our efforts, and we have been trying to do the expansion and trying to grow. Since we have tried so many year, are there any plan to bring any investors who

can invest in the company otherwise the balance sheet will have still a lot of money from promoters.

Raju Mohanappa: Can you brief on the opportunities we get after development of US patents.

The company has transformed a lot. 18 years after takeover the management. Whether the company can look such an investor so that the company can adjust all the parameters and can achieve high.

Chairman: Thank you Mr Raju.

Very good question and I am happy to reply. Fundamental question is the company is here for a long time. My perspective . you see there has been a growing learning. Look at Ayurveda. For Eg. You have Uniliver which have herbal cream. Almost all new starters are in the consumer oriented. And I think either I can rush, or I can think about the long term strategy. Some will succeed. There are still in the consumer/cosmetics. Let us look at another company. Himalaya. Then you have companies like Emami, Dabur. Fast moving consumer products. The biggest brand for Himalaya Neem Face wash. Our fundamental goal is to sustainability. We have a good understanding of the supply chain. Lot of variations. Our products are sending to US, having California standards. We spent a lot of time for understanding. That took a long time perhaps Ayurveda need a lot of time. We have well positioned. If you look at digitalization. Big opportunity . but in terms of Ayurveda digitalization is happening. Fourth - our own nature - by healing traditions. They don't have the same growth. What we have thought is we have to change, we interested in marketing, fundamentally digital marketing. We have to keep all the strength. Kerala tradition is healing tradition. We are focusing on US Business. Academy will grow. We need to invest in new products. Today we have benefits of marketing.

Good questions. Thank you Raju.

Ashitha : Santhosh kumar Saraf is attending the meeting ?

No name seen.

Abhishek kalra - I congratulate the management. What is the impact of COVID in our business. How many employees we have? What is the expansion plan?

Chairman: As far as covid is considered we have 600 people in the company. In such situation we have to re survive. Many things have done. Much higher variable costs. So I think , initially we are investing more to increase the value of the company. I would like to think, after covid we have much more scope for ayurveda.

Ashitha : Next speaker is Padmanaban.

Manikandan : Cannot see his name.

Ashitha : Prakash

Manikandan : Prakash is not available.

Next is Jaichand. Not available.

Gopal not available.

Ashitha : We have some questions from Mr Raju Mohanappa.

Chairman : We have to restructure. We have clear strategy.

Raju: I know that our company is growing.

Can I go back for some presentation. Mr George please go back to the new product section in the presentation.

Super Me - new range of products.

Patch is not internal.

Refurbished HS centres.

P Gopal : Good Morning sir. The company is well grown. I thank the management for giving me this opportunity.

Next speaker : Santhoshkumar Saraf

Dinesh Kotecha : Are you thinking about right issue.

Chairman - I am shareholder of the company . I am not drawing any salary.

During covid we were really back. Ayurveda - Much more business to do. TGBL - we took up 5 crore advance. We were think about joint venture. What happened they lost interest and asked the money back.

Sandeep: Thank you for giving me an opportunity. Only one question. Can you think some strategic tie up like Tata Global.

Chairman ; we are thinking about this. By the end of this year we will come to that point. Thank you let us we can close the question.

Ashitha : Thank you sir. Evoting shall be opened for 15 minutes post AGM. Now I request Dr K Anilkumar to give the vote of thanks.

Dr K Anilkumar: I would like to thank chairman Ramesh Vangal ,conducting the AGM and also thank the directors present at this meeting and the shareholders who are participating in the AGM. Thank you all very much .

Dr.K.Anilkumar - we inform that the AGM is over.
