

ANNUAL REPORT

2019-20

AYURVEDIC ACADEMY INC.

691 S, Milpitas Blvd Suite 206,

MILPITAS, CA 95035, USA

Tel: +1-888-275-9103 Fax: +1-510-257-4378

E-mail: accounts@ayurvedaonline.com

Website: www.ayurvedaacademy.com

AYURVEDIC ACADEMY INC.

BOARD OF DIRECTORS

CHAIRMAN : Mr. Ramesh Vangal

DIRECTORS : Mr. Anand Subramanian

REGISTERED OFFICE : 691 S, Milpitas Blvd, Suite#206
Milpitas, CA 95035,
USA

BANKERS : WELLS FARGO BANK.

DIRECTORS' REPORT

Your directors have pleasure in presenting the 14th Annual Report on the business and operations of your company together with the Audited Accounts for the year ended 31st March 2020. While audit is not mandated in US for small enterprises, your company has got the accounts audited for the purpose of consolidation of its accounts with its parent company in accordance with the statutory requirements in India.

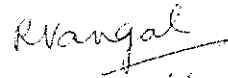
Financial Results

During the year under review, your company has achieved a turnover of \$ 2,005,193 (previous year \$ 1,173,325) and recorded a Profit of \$ 573,836 (Previous year Profit \$96,230) for the year, before providing tax. During the year, the company has aggressively promoted distance learning and presently operates centers at Seattle and Milpitas in the US. The company is making all efforts to improve the performance in the coming year.

Acknowledgements

Your Directors wish to place on record the continued co-operation and support received from Bankers, employees, government departments, customers.

On behalf of the Board of Directors
Ayurvedic Academy Inc.



RAMESH VANGAL
Chairman

Date: June 1, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of
AYURVEDIC ACADEMY INC.

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of AYURVEDIC ACADEMY INC ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of profit and loss, (*statement of changes in equity*) and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information [hereinafter referred to as "the Financial Statements"].

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, (*changes in equity*) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, 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.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the [information included in the Directors report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 Financial Statements.

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

- a. Identify and assess the risks of material misstatement of the 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.
- b. 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 Companies Act, 2013, 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
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. 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 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.

- e. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) Planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements

1. The provisions of the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 is not applicable to the Company since

Its total borrowings from banks and financial institutions are not more than Rs.1 Crores at any time during the year; and

2. 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 purposes 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 Balance Sheet, the Statement of Profit and Loss, (the Statement of Changes in Equity) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) Since the Company's turnover as per last audited Financial Statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017;
- (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, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Bangalore
Date : 01/06/2020



for NDS & Co
Chartered Accountants


Sanjay Shreesha
Partner
FRN NO 009804S

AYURVEDIC ACADEMY INC.
691 S Milpitas Blvd Ste 206, Milpitas, CA95035

Balance Sheet as at March 31, 2020

STOCKHOLDERS EQUITY AND LIABILITY	Schedules	As on March 31,2020		As on March 31,2019	
		Amount in USD		Amount in USD	
Stockholders Equity					
Common Stock					
100 shares of common stock with no par value					
Stockholders Equity					
Retained Earnings		(\$695,157)		(\$1,268,994)	
Advance from Stockholder		\$1,744,000		\$1,744,000	
Total Stockholders' Equity			\$1,048,843		\$475,006
Long Term Liabilities					
Unsecured Loans	2	\$ 316,351	\$ 316,351	\$ 424,021	\$ 424,021
Current Liabilities					
Accounts Payable	3	\$ 164,858		\$ 93,627	
Advances Received		\$ 631,214	\$ 796,072	\$ 708,474	\$ 802,101
Total Liabilities & Stockholders' Equity			\$2,161,266		\$1,701,129
ASSETS					
Fixed Assets	4				
Gross Block		\$ 102,986		\$ 75,410	
Less :- Depreciation		\$ 57,799		\$ 41,981	
Net Block			\$ 45,187		\$ 33,429
Loans & Advances	5		\$ 1,008,753		\$ 676,090
Current Assets					
Cash and Bank Balance	6	\$ 274,966		\$162,044	
Inventory		\$ 40,773		\$ 35,401	
Accounts Receivable & Advance for Purchase		\$ 791,587		\$ 794,164	
			\$ 1,107,326		\$991,610
Total Assets			\$2,161,266		\$1,701,128

Schedules 1 to 12 form an integral part of this statement

In terms of our report attached.

For NDS & Co.,

Chartered Accountants

FRN: 0098045

Sanjay Shreesha, B com, FCA

Partner

Membership No. 206099



On behalf of Board of Directors

For AYURVEDIC ACADEMY INC.

R Vangal

Ramesh Vangal


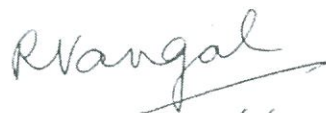
Chairman

Place: Bengaluru

Date: June 1, 2020

AYURVEDIC ACADEMY INC.
691 S Milpitas Blvd Ste 206, Milpitas, CA95035

Profit & Loss Account for the period April 1, 2019 to March, 2020

Particulars	Schedules	2019-20		2018-19	
		Amount In USD		Amount In USD	
Revenues					
Tuition fee	7	\$ 1,421,209		\$ 838,417	
Clinic Service Income		\$ 583,983		\$ 334,908	
Total Revenues			\$ 2,005,193		\$ 1,173,325
Cost of Goods Sold	8		\$ 366,172		\$ 289,534
Gross Profit			\$1,639,020		\$883,791
Expenses					
Staff Cost	9	\$ 581,264		\$ 480,470	
Administrative Expenses	10	\$ 364,231		\$ 238,176	
Selling & Distribution Expenses	11	\$ 103,257		\$ 50,929	
Financial Charges	12	\$ 613		\$ 4,564	
Amortization & Depreciation	4	\$ 15,818		\$ 13,421	
Sub Total			\$ 1,065,184		\$ 787,561
Net Income			\$573,836		\$96,230
Income Tax Provision/Estimate					
Deficit Carried to Balance Sheet			\$573,836		\$96,230
Retained Earning Previous Years			(\$1,268,994)		(\$1,365,224)
Retained Earning Transferred to Balance Sheet			(\$695,157)		(\$1,268,994)
Schedules 1 to 12 form an integral part of this statement					
In terms of our report attached.					
For NDS & Co., Chartered Accountants FRN: 0098045  Sanjay Shreesha, B com, FCA Partner Membership No. 206099 Place: Bengaluru Date: June 1, 2020			On behalf of Board of Directors For AYURVEDIC ACADEMY INC.  Ramesh Vangal Chairman		



AYURVEDIC ACADEMY INC.

Schedule 1-Significant Accounting Policies

1.1 Basis for preparation of financial statements and method of accounting

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

The financial statements are presented in USD which is the company's functional currency. All financial information is presented in USD unless otherwise stated.

1.2 Use of estimates

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

1.3 Revenue Recognition

Sales are net of rebate, discount, Taxes. Treatment income & consulting charges is recognized on completion of each service & consultation.

1.4 Inventories

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

1.5 Fixed Assets

a) Fixed assets are stated at cost less depreciation. Cost includes expenses related to acquisition and installation of fixed assets.

b) Depreciation is charged on Straight Line Method at the rates based on management's estimates of useful life.

1.6 Previous year figures have been re-grouped/ re-classified wherever necessary to correspond with current year classification/disclosure.



AYURVEDIC ACADEMY INC.

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Schedules to Balance sheet as on March 31,2020

Schedule -2 Unsecured Loan	As on March 31, 2020	As on March 31, 2019
Ayurvedagram Heritage Wellness Centre	\$ 63,572	\$ 109,924
Kerala Ayurveda India	\$ 252,779	\$ 297,022
Credit Card	\$ -	\$ 17,075
Total	\$ 316,351	\$ 424,021
Schedule - 3 Current Liabilities	As on March 31, 2020	As on March 31, 2019
Accounts Payable		
for Services and supplies	\$ 65,650	\$ 45,954
For Payroll and Staff Dues	\$ 99,208	\$ 47,674
for Others		
Total	\$ 164,858	\$ 93,627
Advances Received		
Advance Tution Fee	\$ 604,959	\$ 625,260
Advance for India Intensive program	\$ 26,255	\$ 18,670
Advance for Workshop	\$ -	\$ 64,544
Total	\$ 631,214	\$ 708,474
Schedule -5 Loans and Advances	As on March 31, 2020	As on March 31, 2019
Deposits	\$ 32,669	\$ 32,669
Advances to Others	\$ 976,084	\$ 643,421
Total	\$ 1,008,753	\$ 676,090
Schedule -6 Current Assets	As on March 31, 2020	As on March 31, 2019
Cash and Bank Balance		
Wells Fargo(Sea)-7758102136	\$ 237,664	\$ 150,172
Cash in Hand	\$ 108	\$ 205
Credit Card Collection Visa/MC WC	\$ 37,194	\$ 3,898
Credit Card Collection Visa/MC	\$ -	\$ 6,416
Check Collections Fund	\$ -	\$ 341
Cash Collections Fund	\$ -	\$ 1,013
Total	\$ 274,966	\$ 162,044
Inventory	\$ 40,773	\$ 35,401
Accounts Receivable		
Tution fee receivable	\$ 9,075	\$ 11,652
Advance for Purchase	\$ 782,512	\$ 782,512
Total	\$ 791,587	\$ 794,164



AYURVEDIC ACADEMY INC.

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Schedule - 4 - FIXED ASSETS forming part of the Balance Sheet as at March 31, 2020

Amt in USD

		GROSS BLOCK			DEPRECIATION			Net Block	
Particulars	Percentage (SLM)	Cost as on March 31, 2019	Additions / (Deletions)	Cost as on March 31, 2020	Upto March 31, 2019	For the Period	Upto Mar 31, 2020	As on March 31, 2020	As on March 31, 2019
Equipment	14%	\$ 2,293		\$ 2,293	\$ 1,884	\$ 62	\$ 1,947	\$ 346	\$ 408
Router	30%	\$ 6,004	\$ 3,168	\$ 9,173	\$ 4,127	\$ 998	\$ 5,125	\$ 4,048	\$ 1,877
Leasehold Improvement	17%	\$ -	\$ 12,024	\$ 12,024		\$ 1,259	\$ 1,259	\$ 10,765	
Intangible Asset									
Software Development	20%	\$ 63,352		\$ 63,352	\$ 35,907	\$ 12,672	\$ 48,580	\$ 14,773	\$ 27,445
Office Buildout	20%	\$ 3,761	\$ 12,383	\$ 16,144	\$ 63	\$ 826	\$ 888	\$ 15,255	\$ 3,698
		\$ 75,410	\$ 27,576	\$ 102,986	\$ 41,981	\$ 15,818	\$ 57,799	\$ 45,187	\$ 33,429



AYURVEDIC ACADEMY INC.

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Schedules to Profit and Loss Account for the period April 1, 2019 to March 31, 2020

Schedule -7 Revenue	FY 2019-20	FY 2018-19
Registration Fee	\$ 15,606	\$ 13,338
Tuition fee on Regular Classes	\$ 554,883	\$ 290,257
Tuition fee on Distance Learning	\$ 660,636	\$ 379,781
India Intensive Programme	\$ 42,000	\$ 68,140
ICS/Bundle and Mis.Income		
Work Shop Panchkama Classes	\$ 148,085	\$ 86,901
Total Tutition Fee Income	\$ 1,421,209	\$ 838,417
Clinic Service Income	\$ 275,770	\$ 154,696
Product Sales	\$ 308,213	\$ 180,212
Total Clinic Service Income	\$ 583,983	\$ 334,908
Total Income	\$ 2,005,193	\$ 1,173,325
Schedule -8 Cost of Goods Sold	FY 2019-20	FY 2018-19
Faculty Travel & Meals	\$ 3,850	\$ 4,000
Instructors Honorarium	\$ 43,015	\$ 29,900
India Intensive Cost	\$ 26,859	\$ 43,520
Sublease		\$ 3,626
Classroom Rent	\$ 1,840	\$ 1,800
Academy Materials Supplies	\$ 795	\$ 1,573
Service provider Fee	\$ 64,616	\$ 44,644
Clinic Consumables and Supplies	\$ 2,169	\$ 2,575
Books and Materials	\$ 6,616	\$ -
Product Consumption	\$ 124,819	\$ 86,154
Laundry Service	\$ 11,719	\$ 9,399
Class coordinator/mentor fee	\$ 8,075	\$ 11,971
Credit Card Merchant Fee	\$ 71,800	\$ 50,372
Total	\$ 366,172	\$ 289,534
Schedule -9 Staff Cost	FY 2019-20	FY 2018-19
Staff cost Allocation	\$ 517,675	\$ 423,368
Workmens' Compensation Fund	\$ 5,931	\$ 12,327
Employee Medical	\$ 11,800	\$ 10,400
Employer Payroll Taxes	\$ 45,858	\$ 34,374
Total	\$ 581,264	\$ 480,470



Schedule -10 Administrative Expenses	FY 2019-20	FY 2018-19
Independent Contractor	\$ 59,488	\$ 21,457
Computer & Internet Exp	\$ 5,015	\$ 3,687
Printing and Reproduction	\$ 19,055	\$ 14,418
Licenses & Permits	\$ 2,096	\$ 5,215
Meals & Entertainment	\$ 15,613	\$ 3,160
Office Expenses	\$ 4,027	\$ -
Office Supplies	\$ 21,594	\$ 6,976
Postage & Delivery	\$ 16,384	\$ 14,971
Professional Fees	\$ 38,746	\$ 27,273
Rent	\$ 105,008	\$ 92,876
Taxes	\$ 7,441	\$ 12,979
Telephone	\$ 5,278	\$ 4,881
Travel	\$ 27,821	\$ 7,573
Lodging	\$ 17,082	\$ 6,237
SF - Utilities	\$ 7,431	\$ 6,167
Insurance Expense	\$ 5,812	\$ 2,700
Membership & Subscriptions	\$ 1,745	\$ 6,610
Repairs and Maintenance	\$ 3,031	\$ 997
Shipping	\$ 224	\$ -
Storage	\$ 1,342	\$ -
Total	\$ 364,231	\$ 238,176
Schedule - 11 Selling and Distribution Expenses	FY 2019-20	FY 2018-19
Advertising		
Event Expenses	\$ 29,689	\$ 7,169
Marketing	\$ 54,543	\$ 35,927
Bank service Charge	\$ 6,096	\$ 5,103
Commissions Paid	\$ 12,930	\$ 2,730
Total	\$ 103,257	\$ 50,929
Schedule -12 Financial Charges	FY 2019-20	FY 2018-19
Interest Expense	\$ 613	\$ 4,564
Total	\$ 613	\$ 4,564

