

ANNUAL REPORT

2018-19

AYURVEDIC ACADEMY INC.

691 S, Milpitas Blvd Suite 206,

MILPITAS, CA 95035, USA

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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 13th Annual Report on the business and operations of your company together with the Audited Accounts for the year ended 31st March 2019. 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 \$ 1,173,325 (previous year \$ 1,144,133) and recorded a Profit of \$ 96,230 (Previous year Profit \$171,619) 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: May 2, 2019



TO THE MEMBERS OF AYURVEDIC ACADEMY INC.
Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of AYURVEDIC ACADEMY INC ("the company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2019;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

Basis of Opinion

We conducted our audit 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.

Management's Responsibility for the Financial Statements

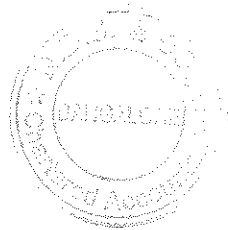
The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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, 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. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility 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.

Report on Other Legal and Regulatory Requirements

1. As required by 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 Act, we give in the NIL statement on the matters specified in the paragraph 3 and 4 of the order to the extent applicable.
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 appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches which is also audited by us)
 - c) the Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.[and the returns received from the branches which are prepared by us]
 - 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 written representations received from the directors as on 31 March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) With respect to the other matters included in the Auditor's Report and to our 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 did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses]
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company



for NDS & Co
Chartered Accountants

S - 171

Sanjay Shreesha
Partner

FRN NO 009804S

Place : Bengaluru

Date : 02/05/2019

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **AYURVEDIC ACADEMY INC.** ("The Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 its 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 Companies Act, 2013.

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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 was 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 control 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 control 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 control 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Bengaluru
Date : 02/05/2019



for NDS & Co
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Sanjay Shreesha'.

Sanjay Shreesha
Partner
FRN NO 009804S

AYURVEDIC ACADEMY INC.

691 S Milpitas Blvd Ste 206, Milpitas, CA95035

Balance Sheet as at March 31, 2019

STOCKHOLDERS EQUITY AND LIABILITY	Schedules	As on March 31, 2019		As on March 31, 2018	
		Amount in USD		Amount in USD	
Stockholders Equity					
Common Stock					
100 shares of common stock with no par value					
Stockholders Equity					
Retained Earnings		(\$1,268,994)		(\$1,365,224)	
Advance from Stockholder		\$1,744,000		\$1,744,000	
Total Stockholders' Equity			\$475,006		\$378,776
Long Term Liabilities					
Unsecured Loans	2	\$ 424,021	\$ 424,021	\$ 390,468	\$ 390,468
Current Liabilities					
Accounts Payable	3	\$ 93,627		\$ 92,945	
Advances Received		\$ 708,474	\$ 802,101	\$ 454,641	\$ 547,586
Total Liabilities & Stockholders' Equity			\$1,701,129		\$1,316,831
ASSETS					
Fixed Assets	4				
Gross Block		\$ 75,410		\$ 254,783	
Less :- Depreciation		\$ 41,981		\$ 213,899	
Net Block			\$ 33,429		\$ 40,884
Loans & Advances	5		\$ 676,090		\$ 418,159
Current Assets					
Cash and Bank Balance	6	\$162,044		\$22,972	
Inventory		\$ 35,401		\$ 40,151	
Accounts Receivable & Advance for Purchase		\$ 794,164		\$ 794,666	
			\$991,610		\$857,789
Total Assets			\$1,701,129		\$1,316,831

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 Shreesh, 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: May 2, 2019

AYURVEDIC ACADEMY INC.
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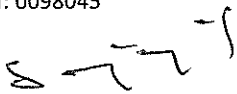
Profit & Loss Account for the period April 1, 2018 to March 31, 2019

Particulars	Schedules	2018-19		2017-18	
		Amount In USD		Amount In USD	
Revenues					
Tuition fee	7	\$ 838,417		\$ 859,390	
Clinic Service Income		\$ 334,908		\$ 284,743	
Other Income					
Total Revenues			\$ 1,173,325		\$ 1,144,133
Cost of Goods Sold	8		\$ 289,534		\$ 309,866
Gross Profit			\$883,791		\$834,267
Expenses					
Staff Cost	9	\$ 480,470		\$ 385,151	
Administrative Expenses	10	\$ 238,176		\$ 190,173	
Selling & Distribution Expenses	11	\$ 50,929		\$ 62,008	
Financial Charges	12	\$ 4,564		\$ 5,780	
Amortization & Depreciation	4	\$ 13,421		\$ 19,535	
Sub Total			\$ 787,561		\$662,648
Net Income			\$96,230		\$171,619
Income Tax Provision/Estimate					
Deficit Carried to Balance Sheet			\$96,230		\$171,619
Retained Earning Previous Years			(\$1,365,224)		(\$1,536,843)
Retained Earning Transferred to Balance Sheet			(\$1,268,994)		(\$1,365,224)

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 Shreesh, B com, FCA
Partner
Membership No. 206099



On behalf of Board of Directors
For AYURVEDIC ACADEMY INC.



Ramesh Vangal
Chairman

Place: Bengaluru
Date: May 2, 2019

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, 2019

Schedule -2 Unsecured Loan	As on March 31, 2019	As on March 31, 2018
Ayurvedagram Heritage Wellness Centre	\$ 109,924	\$ 88,235
Kerala Ayurveda India	\$ 297,022	\$ 278,758
Credit Card	\$ 17,075	\$ 23,475
Total	\$ 424,021	\$ 390,468
Schedule - 3 Current Liabilities	As on March 31, 2019	As on March 31, 2018
Accounts Payable		
for Services and supplies	\$ 45,954	\$ 43,948
For Payroll and Staff Dues	\$ 47,674	\$ 48,997
Total	\$ 93,627	\$ 92,945
Advances Received		
Advance Tution Fee	\$ 625,260	\$ 391,211
Advance for India Intensive program	\$ 18,670	\$ 14,008
Advance for Workshop	\$ 64,544	\$ 49,423
Total	\$ 708,474	\$ 454,641
Schedule -5 Loans and Advances	As on March 31, 2019	As on March 31, 2018
Deposits	\$ 32,669	\$ 33,719
Advances to Others	\$ 643,421	\$ 384,440
Total	\$ 676,090	\$ 418,159
Schedule -6 Current Assets	As on March 31, 2019	As on March 31, 2018
Cash and Bank Balance		
Wells Fargo(Sea)-7758102136	\$ 150,172	\$ 10,862
Cash in Hand	\$ 205	\$ 165
Credit Card Collection Visa/MC WC	\$ 3,898	\$ 2,895
Credit Card Collection Visa/MC	\$ 6,416	\$ 9,050
Check Collections Fund	\$ 341	
Cash Collections Fund	\$ 1,013	
Total	\$162,044	\$22,972
Accounts Receivable		
Tution fee receivable	\$ 11,652	\$ 12,153
Inventory	\$ 35,401	\$ 40,151

AYURVEDIC ACADEMY INC.

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Schedule - 4 - FIXED ASSETS forming part of the Balance Sheet as at March 31, 2019

Particulars	Percentage (SLM)	GROSS BLOCK			DEPRECIATION				Net Block	
		Cost as on March 31, 2018	Additions / (Deletions)	Cost as on March 31, 2019	Upto March 31, 2018	For the Period	(Deletions)	Upto March 31, 2019	As on March 31, 2019	As on March 31, 2018
Office Equipment	14%	\$ 1,848	\$ 445	\$ 2,293	\$ 1,848	\$ 36		\$ 1,884	\$ 408	
Computer	30%	\$ 4,243	\$ 1,761	\$ 6,004	\$ 3,477	\$ 650		\$ 4,127	\$ 1,878	\$ 766
Intangible Asset										
Project Expenses-1	20%	\$ 130,431	\$ (130,431)		\$ 130,431		\$ (130,431)			
Moodle	20%	\$ 28,659	\$ (28,659)		\$ 28,659		\$ (28,659)			
Content Development	20%	\$ 63,352		\$ 63,352	\$ 23,235	\$ 12,672		\$ 35,907	\$ 27,445	\$ 40,117
Fremont Buildout	20%	\$ 26,250	\$ (26,250)		\$ 26,250		\$ (26,250)			
Milpitas Buildout	20%	-	\$ 3,761	\$ 3,761		\$ 63		\$ 63	\$ 3,698	
Total		\$ 254,783	\$ (179,373)	\$ 75,410	\$ 213,899	\$ 13,421	\$ (185,340)	\$ 41,981	\$ 33,429	\$ 40,884

Amount in USD

AYURVEDIC ACADEMY INC.

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Schedules to Profit and Loss Account for the period April 1, 2018 to March 31, 2019

Schedule -7 Revenue	FY 2018-19	FY 2017-18
Registration Fee	\$ 13,338	\$ 12,790
Tuition fee on Regular Classes	\$ 290,257	\$ 351,194
Tuition fee on Distance Learning	\$ 379,781	\$ 280,069
India Intensive Programme	\$ 68,140	\$ 92,150
ICS/Bundle and Mis.Income	\$	\$ 995
Work Shop Panchkama Classes	\$ 86,901	\$ 122,193
Clinic Service Income	\$ 154,696	\$ 146,236
Product Sales	\$ 180,212	\$ 138,507
Total	\$ 1,173,325	\$ 1,144,133
Schedule -8 Cost of Goods Sold	FY 2018-19	FY 2017-18
Faculty Travel & Meals	\$ 4,000	\$ 13,987
Instructors Honorarium	\$ 29,900	\$ 33,383
India Intensive Cost	\$ 43,520	\$ 51,840
Sublease	\$ 3,626	\$ 6,400
Classroom Rent	\$ 1,800	\$ 4,437
Academy Materials Supplies	\$ 1,573	\$ 2,480
Service provider Fee	\$ 44,644	\$ 54,116
Clinic Consumables and Supplies	\$ 2,575	\$ 3,873
Product Consumption	\$ 86,154	\$ 73,860
Laundry Service	\$ 9,399	\$ 8,449
Class coordinator/mentor fee	\$ 11,971	\$ 12,072
Credit Card Merchant Fee	\$ 50,372	\$ 44,970
Total	\$ 289,534	\$ 309,866
Schedule -9 Staff Cost	FY 2018-19	FY 2017-18
Staff cost Allocation	\$ 423,368	\$ 339,719
Workmens' Compensation Fund	\$ 12,327	\$ 2,924
Employee Medical	\$ 10,400	\$ 10,140
Employer Payroll Taxes	\$ 34,374	\$ 32,368
Total	\$ 480,470	\$ 385,151

Schedule -10 Administrative Expenses	FY 2018-19	FY 2017-18
Independent Contractor	\$ 21,457	\$ 10,250
Computer & Internet Exp	\$ 3,687	\$ 5,594
Printing and Reproduction	\$ 14,418	\$ 8,436
Licenses & Permits	\$ 5,215	\$ 5,098
Meals & Entertainment	\$ 3,160	\$ 343
Office Expenses	\$ -	\$ 29
Office Supplies	\$ 6,976	\$ 5,292
Postage & Delivery	\$ 14,971	\$ 13,638
Professional Fees	\$ 27,273	\$ 30,813
Rent	\$ 92,876	\$ 72,761
Taxes	\$ 12,979	\$ 7,614
Telephone	\$ 4,881	\$ 5,947
Travel	\$ 7,573	\$ 8,966
Lodging	\$ 6,237	\$ 259
SF - Utilities	\$ 6,167	\$ 5,370
Insurance Expense	\$ 2,700	\$ 2,581
Membership & Subscriptions	\$ 6,610	\$ 1,096
Repairs and Maintenance	\$ 997	\$ 2,190
Cleaning Services		\$ 3,645
Storage		\$ 253
Total	\$ 238,176	\$ 190,173
Schedule - 11 Selling and Distribution Expenses		
	FY 2018-19	FY 2017-18
Advertising		
Event Expenses	\$ 7,169	\$ 6,199
Marketing	\$ 35,927	\$ 49,591
Bank service Charge	\$ 5,103	\$ 6,217
Commissions Paid	\$ 2,730	
Total	\$ 50,929	\$ 62,008
Schedule -12 Financial Charges		
	FY 2018-19	FY 2017-18
Interest Expense	\$ 4,564	\$ 5,780
Total	\$ 4,564	\$ 5,780