



KERALA AYURVEDA LTD

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Encouraging performance for the quarter

- The company has opened a new wellness center at Goa and is in the process of establishing a new wellness center at Jammu in Q3.
- The company has commissioned a 40 bed Ayurveda hospital at Trivandrum in collaboration with Arya Vaidya Pharmacy during September 2009.
- The company's Local Cluster Model ('LCM') and a unique Doctor Partnership model ('KALPAM') are progressing well.
- The company has executed an MOU with KMC Hospitals, Trichy to set-up a Hospital wing at their hospital in Trichy. These initiatives are expected to take shape and generate revenue growth from Q4 onwards.
- The company has simplified operations and improved organisation effectiveness resulting in a 30% reduction in overheads consistently for past 2 quarters which enabled the company to achieve positive EBITDA.
- The company has reported positive EBITDA of Rs 7 Lacs for the current quarter vs loss of Rs 143 Lacs in Q2 of FY 2008-09, which reflects the fundamental change in the business model to deliver positive margins, going forward.
- The Company has deployed significant resources in improving the purity and standardisation of ingredients used in the products to meet stringent global regulatory and market needs in Japan, Europe and US.
- The Company has embarked upon a pathbreaking, first-of-its-kind initiative to ensure detailed documentation and scientific validation of efficacy of its ayurveda products, which are comparable to quality and efficacy benchmarks required to be demonstrated by new age medicines.
- The company continues to progress on its discussions with Arya Vaidya Pharmacy pursuant to the execution of the Expression of Interest on June 29, 2009. Both companies expect to inform their respective Boards on the next steps in the near future.

About Kerala Ayurveda

Kerala Ayurveda was founded in Aluva, Kerala in 1945 by Late Vaidiyan KGK Panicker, the renowned Ayurvedacharya. Now, more than half a century later, his inspired creation epitomizes all that is modern and state-of-the-art in Ayurveda.

Kerala Ayurveda has over 75 Ayurvedic doctors, graduates and post-graduate medical staff, with several years of experience. Kerala Ayurveda operates a chain of 29 clinics and 3 Ayurveda Hospitals located across India, and a wellness resort in Bangalore, "Ayurvedagram".

Through its wholly owned subsidiaries, Ayurvedic Academy Inc, Ayu Inc and Ayu Natural Medicine Clinic, PS, Kerala Ayurveda has significant presence across 5 locations in the United States of America and offers a range of ayurvedic treatments and health care services.

Safe Harbor

Certain statements in this release are forward looking statements which involve a number of risks and uncertainties that could cause actual results and outcomes to differ materially from those in such forward looking statements. The risks and uncertainties relate to changes and variations in the project, unexpected delays in development, obtaining regulatory approvals, etc. The statements in this release represent Kerala Ayurveda's expectations and beliefs as of the date of this release. Kerala Ayurveda anticipates that subsequent events and developments may cause these expectations and beliefs to change. However, while Kerala Ayurveda may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Kerala Ayurveda's expectations or beliefs as of any date subsequent to the date of this release.

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www.keralaayurveda.biz

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