

INDEPENDENT AUDITORS' REPORT

To the Members of Kaya Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Kaya Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"); (refer Note 1C(i) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with 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. 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 Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.



5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 of the consolidated state of affairs of the Group, as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 7,344.65 lacs and net assets of Rs. 1,967.66 lacs as at March 31, 2015, total revenue of Rs. 15,910.87 lacs, net profit of Rs. 2,286.91 lacs and net cash inflows amounting to Rs. 1,466.69 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, incorporated in India (Refer Note 1C(i) to the consolidated financial statements), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.



10. As required by Section 143(3) of the Act, 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 purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company incorporated in India, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2015 on the consolidated financial position of the Group (Refer Note 28).
 - ii. The Group has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, incorporated in India during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership Number 46061

Place: Mumbai
Date: May 15, 2015

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kaya Limited on the consolidated financial statements as of and for the year ended March 31, 2015

- i. (a) The Holding Company, incorporated in India, is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management of the Holding Company, incorporated in India, according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the aforesaid Holding Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management of the aforesaid Holding Company during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management of the Holding Company, incorporated in India, during the year. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management of the Holding Company, incorporated in India, is reasonable and adequate in relation to the size of the aforesaid Holding Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Holding Company, incorporated in India, is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory of the aforesaid Holding Company as compared to the book records were not material.
- iii. The Holding Company, incorporated in India, has not granted any loans, secured or unsecured to companies covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii) (a) and 3 (iii) (b) of the said Order are not applicable to the aforesaid Holding Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Holding Company, incorporated in India, and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the aforesaid Holding Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Holding Company, incorporated in India, has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Holding Company, incorporated in India.
- vii. (a) In our opinion, and according to the information and explanations given to us and the records of the Holding Company examined by us, incorporated in India, the Holding Company, is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added tax and other material statutory dues with the appropriate authorities.



Annexure to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Kaya Limited on the consolidated financial statements for the year ended March 31, 2015

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- (b) According to the information and explanations given to us and the records of the Holding Company, incorporated in India, examined by us, there are no dues of wealth-tax, custom duty and duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, value added tax and service tax as at March 31, 2015 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income-tax	1,465,387,563	Assessment Year 2008 -2009	Commissioner of Income tax (A)
Income Tax Act, 1961	Income-tax	2,009,582	Assessment Year 2011-12 and 2012-13	Commissioner of Income tax (A)
The Uttar Pradesh Value Added Tax Act 2008	VAT	5,951,270	April 2012 to March 2013	Commercial Tax Tribunal
Andhra Pradesh Value Added Tax Act, 2005	VAT	5,398,405	April 2009 to March 2012	Commercial Tax Officer
Kerala Value Added Tax Act, 2003	VAT	1,284,842	April 2011 to March 2014	Deputy Commissioner of Appeals
Delhi Value Added Tax Act, 2004	VAT	513,581	April 2009 to March 2010	Assistant Commissioner
The Uttar Pradesh Value Added Tax Act 2008	VAT	5,805,000	April 2010 to March 2011	Deputy Commissioner
Maharashtra Value Added Tax Act, 2002	VAT	28,347,350	April 2007 to March 2008 and April 2009 to March 2011	Joint Commissioner of Appeals
Finance Act, 1994	Service Tax	22,138,889	December 2004 to March 2006 and April 2008 to March 2012	Commissioner of Service Tax

- (c) There are no amounts required to be transferred by the Holding Company, incorporated in India, to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The accumulated losses of the Holding Company, incorporated in India, did not exceed fifty percent of its net worth as at March 31, 2015 and the Holding Company, has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- ix. As the Holding Company, incorporated in India, does not have any borrowings from any financial institution or bank nor have they issued any debentures as at the Balance Sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the aforesaid Holding Company.
- x. In our opinion, and according to the information and explanations given to us, the Holding Company, incorporated in India, have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the aforesaid Holding Company.



Annexure to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Kaya Limited on the consolidated financial statements for the year ended March 31, 2015

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- xi. The Holding Company, incorporated in India, has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the aforesaid Holding Company.
- xii. During the course of our examination of the books and records of the Holding Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Holding Company, incorporated in India, noticed or reported during the year, nor have we been informed of any such case by the Management of the Holding Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah

Place: Mumbai
Date: May 15, 2015

Uday Shah
Partner
Membership Number 46061

KAYA LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(Amount in Rs. Lacs)

	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3(a)	-	1,784.90
Share capital suspense account	3(b)	1,289.71	-
Reserves and surplus	4	22,172.56	6,496.41
		<u>23,462.27</u>	<u>8,281.31</u>
Non-current liabilities			
Long-term Borrowings	5	-	11,320.13
Deferred tax liabilities	6	-	-
Long-term provisions	7	933.49	759.52
		<u>933.49</u>	<u>12,079.65</u>
Current liabilities			
Trade payables	8	2,874.81	1,729.91
Other current liabilities	9	8,728.96	9,622.05
Short-term provisions	10	1,270.86	1,194.62
		<u>12,874.63</u>	<u>12,546.58</u>
Total		37,270.39	32,907.54
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11 (a) & (b)	5,042.71	3,151.50
Intangible assets	11 (a) & (b)	257.72	25.15
Capital work-in-progress		318.77	61.04
		<u>5,619.20</u>	<u>3,237.69</u>
Goodwill on consolidation	12	5,914.44	5,507.01
Long-term loans and advances	13	2,508.31	1,717.74
Other non-current assets	14	15.33	20.22
		<u>14,057.28</u>	<u>10,482.66</u>
Current assets			
Current investments	15	15,190.28	16,848.44
Inventories	16	3,348.26	2,471.25
Trade receivables	17	86.32	36.66
Cash and bank balances	18	3,063.34	1,415.49
Short-term loans and advances	19	1,432.00	1,576.78
Other current assets	20	92.91	76.26
		<u>23,213.11</u>	<u>22,424.88</u>
Total		37,270.39	32,907.54

The notes are an integral part of these consolidated financial statements.

As per our attached report of even date.


For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E


U. A. Shah

Uday Shah
Partner
Membership No. 46061

Mumbai: May 15, 2015

For and on behalf of the Board of Directors of
Kaya Limited


Harsh Mariwala
Chairman and Managing Director


Dharmendar B Jain
Chief Financial Officer

Mumbai: May 14, 2015



Nikhil Khattau
Director and Chairman
of Audit and Risk
Committee


Alpesh Badar
Company Secretary and
Compliance Officer

KAYA LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs. Lacs)

	Note	Year Ended March 31, 2015	Year Ended March 31, 2014
REVENUE :			
Revenue from operations	21	33,227.06	29,027.43
Other income	22	1,544.86	347.82
TOTAL REVENUE		34,771.92	29,375.25
EXPENSES:			
Cost of materials consumed	23	3,785.01	3,496.31
Purchases of stock-in-trade		52.33	21.31
Changes in inventories of finished goods, work-in-process and stock-in-trade - (Increase) / decrease	24	(304.98)	(336.43)
Employee benefits expenses	25	10,613.73	10,168.18
Finance costs	26	2.27	16.83
Depreciation and amortisation	11 (a) & (b)	1,158.81	947.28
Other expenses	27	15,806.64	14,505.39
TOTAL EXPENSES		31,113.81	28,818.87
PROFIT FROM CONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEMS AND TAX		3,658.11	556.38
Exceptional Items - Income / (expense) (net)	32	(479.78)	(3,730.52)
PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION		3,178.33	(3,174.14)
Tax expenses			(2.27)
- Income tax			
PROFIT / (LOSS) FROM CONTINUING OPERATIONS AFTER TAXATION		3,178.33	(3,171.87)
PROFIT FROM DISCONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEM AND TAX (Refer Note 36(a))		-	1,739.98
Exceptional Item - Profit on Sale of Derma Rx Aesthetics Pte Limited (Refer Note 36(a))	32	-	6,044.41
PROFIT FROM DISCONTINUING OPERATIONS BEFORE TAXATION (Refer Note 36(a))		-	7,784.39
Tax expenses			702.38
- Current tax charge / (credit)			169.21
- Deferred tax charge / (credit)			
PROFIT FROM DISCONTINUING OPERATIONS AFTER TAXATION (Refer Note 36(a))		-	6,912.80
PROFIT FOR THE YEAR		3,178.33	3,740.93
Earnings per equity share: [Nominal Value per share: Rs. 10]	33		
Basic earnings / (loss) per share (Rs.)		24.64	20.96
Diluted earnings / (loss) per share (Rs.)		23.59	20.96

The notes are an integral part of these consolidated financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

For and on behalf of the Board of Directors of
Kaya Limited

Harsh Marwala
Chairman and Managing Director

Dharmendar B Jain
Chief Financial Officer

Mumbai: May 14, 2015

Nikhil Khattau
Director and Chairman of
Audit and Risk Committee

Almas Badar
Company Secretary and
Compliance Officer

	Year Ended March 31, 2015	Year Ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION	3,178.33	4,610.25
Adjustments for:		
Depreciation and amortisation	1,158.81	1,576.78
Finance costs	2.27	225.48
Interest income on fixed deposits and others	(12.24)	(6.52)
Dividend Income on current investments	(16.69)	(0.29)
Loss on sale / discarding of assets (net)	2.08	53.63
Employee stock option charge (Refer note 3(g))	32.66	-
Profit on sale of current investments (net)	(1,417.96)	(293.07)
Profit on sale of Derma Rx Aesthetics Pte Limited (Refer Note 36(a))	-	(6,044.41)
Impairment (reversal) / loss on fixed assets (Refer note 32)	-	(119.48)
Impairment loss on goodwill on consolidation (Refer Notes 36(b))	-	3,850.00
Provision / (reversal) of provision for doubtful debts	-	5.00
Provision for diminution in the value of current investments	(33.01)	33.01
	(284.08)	(719.87)
Operating profit before working capital changes	2,894.25	3,890.38
Adjustments for:		
(Increase)/ decrease in inventories	(877.01)	(371.18)
(Increase)/ decrease in trade receivables	(49.66)	(32.47)
(Increase) / decrease in loans and advances, other current and non-current assets	(544.96)	(444.36)
Increase/(decrease) in trade payables and other current and non-current liabilities and provisions	1,889.65	6,312.25
Changes in working capital	418.02	5,464.24
Cash generated from Operations	3,312.27	9,354.62
Taxes paid (net of refunds)	(87.44)	(175.51)
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,224.83	9,179.11
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,589.47)	(1,632.25)
Sale / (Purchase) of investments (net)	3,297.88	(12,437.42)
Consideration received on divestment of DIAL Group (Refer Note 36(a))	(1,393.31)	16,114.96
Contingent consideration paid (Refer Note 10(a))	-	(3,197.91)
Dividend income received	16.69	0.29
Interest received	17.89	5.98
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(1,650.32)	(1,146.35)
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(2.27)	(225.48)
Other borrowings (repaid) / taken (net)	-	(7,075.40)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	(2.27)	(7,300.88)
D Effect of exchange difference on translation of foreign currency cash and cash equivalents	31.36	(961.98)
E NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)	1,603.60	(230.10)
F Cash and cash equivalents - opening balance (Refer note 18)	1,415.49	2,519.31
G Cash and cash equivalents - acquired pursuant to amalgamation	44.25	-
H Cash and cash equivalents - transferred on sale of DIAL group	-	(873.72)
I Cash and cash equivalents - closing balance (Refer note 18) (E+F+G+H)	3,063.34	1,415.49

Notes:

- (a) The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements'.
(b) For non-cash transactions pertaining to investing and financing activities pursuant to Scheme of Arrangement - Refer Note 1B.

As per our attached report of even date

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

For and on behalf of the Board of Directors of
Kaya Limited

Harsh Marwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman of Audit
and Risk Committee

Dharmendar B Jain
Chief Financial Officer

Alraaz Pandar
Company Secretary and
Compliance Officer

Mumbai: May 14, 2015

KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1A General Information:

The Company, headquartered in Mumbai, Maharashtra, India, carries on Skin Care Business through its subsidiaries in India, Middle East and Singapore (including Malaysia) (together referred as 'Group'). The Company has during the year ended March 31, 2014, divested the business in Singapore (Refer Note 36(a)). The Company is public limited Company and is in process of listing its equity shares on BSE Limited and National Stock Exchange Limited. (Refer Note 1B)

1B. Scheme of Arrangement:

- a On September 29, 2014 the Board of Directors of Marico Kaya Enterprises Limited ('MaKE'), the holding company and the company, have approved the Scheme of Arrangement ('the Scheme') for Amalgamation of MaKE with the Company with effect from appointed date April 1, 2014. The Hon'ble High Court of Bombay has approved the Scheme vide its order dated April 18, 2015, and thereafter filed with Registrar of Companies on May 13, 2015. (effective date)
- b In terms of the Scheme, all assets, liabilities and reserves of MaKE have been vested with the Company with effect from April 1, 2014 and have been recorded at their respective book values in accordance with the Scheme, under the pooling of interest method as per AS 14 - Accounting for Amalgamation.
- c All the inter-company balances between the Company and MaKE as at April 1, 2014 stands cancelled.
- d The Company will issue 12,897,100 equity shares of Rs. 10/- each, fully paid-up, of the Company to the holders of Equity shares of Marico Kaya Enterprises Limited whose names will be registered in the register of members on the record date, without payment being received in cash, in the ratio of 1 (one) fully paid-up equity shares of Rs. 10/- each of the Company for every 1 (one) fully paid-up equity shares of Re. 1 held in Marico Kaya Enterprises Limited. Pending issue of such shares as at March 31, 2015, the face value of shares to be issued has been accounted under Share Capital Suspense Account (Refer note 3(a) & 3(b))
- e Further, in terms of the Scheme, the existing share capital of the Company of Rs. 1,784.90 lacs was reduced upon the Scheme becoming effective i.e. on May 13, 2015, with corresponding adjustment with securities premium.
- f Accordingly, in terms of the Scheme, after giving effect to the aforesaid, the difference has been adjusted against the Securities Premium Account as under :

Particulars	Amount in Rs. lacs.	Amount in Rs. lacs.
Book value of assets, liabilities and reserves of MaKE		
Assets		
Non-current investments	18,184.17	
Long-term loans and advance	11,355.93	
Current investments	188.75	
Cash and bank balances	44.25	
Other current assets	1.69	
Total (i)	29,774.79	
Liabilities		
Trade payables	12.99	
Other current liabilities and provisions	46.45	
Total (ii)	59.44	
Reserves		
Capital reserve	2,652.82	
Securities premium reserve	25,767.10	
Surplus in statement of profit and loss	5.72	
Total (iii)	28,425.64	
Book value of assets, liabilities and reserves of MaKE		
12,897,100 Equity Shares of Rs. 10 Each of the Company to be issued [(i) - (ii) - (iii)]	1,289.71	
Book value of Investment by MaKE in Kaya Limited (A)		18,184.17
Equity Shares of Kaya Limited held by MaKE cancelled (B)		1,784.90
Adjustments in securities premium in terms of the Scheme (A-B)		16,399.27

- g In terms of the Scheme, the authorized Share capital of the Company will be increased by the authorized share capital of MaKE amounting to Rs. 3,400 lacs (from Rs. 2,000 lacs) upon the Scheme being effective.

1C Subsidiaries considered in these Consolidated Financial Statements:

- (i) List of subsidiary companies:

Name of the Company	Holding Company	Country of incorporation	Percentage of ownership as at March 31	
			2015	2014
Kaya Middle East FZE (KME) (w.e.f March 22, 2013)	KME Holding Pte. Ltd.*	U.A.E.	100	100
KME Holding Pte. Ltd. (w.e.f. October 18, 2013)	Kaya Limited	Singapore	100	100
DIPL (Singapore) Pte Ltd (Earlier known as DRX Investments Pte. Ltd) (w.e.f. April 22, 2010)	KME Holding Pte. Ltd.	Singapore	100	100
Derma - Rx International Aesthetics Pte. Limited (DIAL) # (w.e.f. May 25, 2010 till January 9, 2014)	Kaya Limited	Singapore	NA	NA
The DRx Medispa Pte. Limited (DMSPL) # (w.e.f. May 25, 2010 till January 9, 2014)	DIAL	Singapore	NA	NA
The DRx Clinic Pte. Limited (DCPL) # (w.e.f. May 25, 2010 till January 9, 2014)	DIAL	Singapore	NA	NA
Derma Aesthetics Sdn Bhd (DASB) # (w.e.f. May 25, 2010 till January 9, 2014)	DCPL	Malaysia	NA	NA

Companies forming part of discontinued operations (Refer Note 36(a))

* Holding Company w.e.f December 25, 2013. Prior to KME Holdings Pte. Ltd., Derma - Rx International Aesthetics Pte. Limited was the holding company.

- (ii) The effect of the subsidiaries formed / acquired during the years reported is as under:

(Amount in Rs. Lacs)

Name of the subsidiary acquired / incorporated	For the year ended	Net profit / (loss)	Net assets
KME Holding Pte. Ltd.	March 31, 2014	(8.72)	247.98



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(iii) Disclosure mandated by Schedule III by way of additional information

Name of the Entity	Net Assets		Share in Profit	
	As a % of Consolidated net assets	Amount in Rs. Lacs	As a % of Consolidated profit	Amount in Rs. Lacs
Kaya Limited				
31-Mar-15	66.38%	15,574.47	43.64%	1,386.98
31-Mar-14	30.66%	2,538.91	146.77%	5,490.63
Kaya Middle East FZE				
31-Mar-15	33.59%	7,882.10	71.95%	2,286.91
31-Mar-14	66.31%	5,491.62	-84.96%	(3,178.26)
KME Holding Pte. Ltd.				
31-Mar-15	0.01%	2.03	-15.53%	(493.61)
31-Mar-14	2.99%	247.98	-0.23%	(8.72)
DIPL (Singapore) Pte Ltd				
31-Mar-15	0.02%	3.67	-0.06%	(1.95)
31-Mar-14	0.03%	2.80	0.37%	13.86
Derma - Rx International Aesthetics Pte. Limited				
31-Mar-15	-	-	-	-
31-Mar-14	-	-	-54.79%	(2,049.68)
The DRx Medispa Pte. Limited				
31-Mar-15	-	-	-	-
31-Mar-14	-	-	42.04%	1,572.84
The DRx Clinic Pte. Limited				
31-Mar-15	-	-	-	-
31-Mar-14	-	-	46.49%	1,739.27
Derma Aesthetics Sdn Bhd				
31-Mar-15	-	-	-	-
31-Mar-14	-	-	4.30%	160.99

Note: Negative amounts represent loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

These financial statements have been prepared in accordance with the generally accepted accounting principles in India ('GAAP') under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and services rendered and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The Consolidated Financial Statements relate to the Company and its subsidiaries and have been prepared on the following basis:

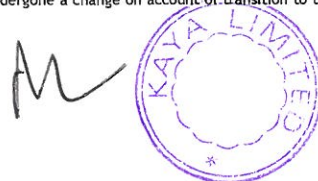
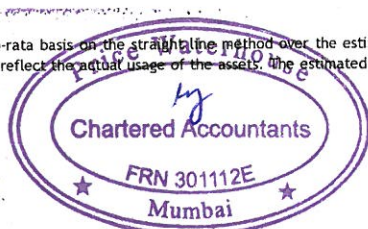
- In respect of subsidiary companies, their financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest / appointed date for the Scheme.
 - In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the period. All asset and liabilities are converted at the rate prevailing at the end of the period. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' under 'Reserves and Surplus'.
 - The excess of cost to the Group of its investments in subsidiary companies over its share of equity and reserves of its subsidiary companies at the dates on which investments are made / appointed date pursuant to the Scheme, is recognised in the consolidated financial statements as Goodwill. As at Balance Sheet date, an assessment is done as to whether there is any indication that goodwill on consolidation may be impaired. If any such indication exists, an estimate of the recoverable amount is made. The goodwill on consolidation is impaired when the carrying value exceeds the recoverable amount. The excess of Group's share of equity and reserves of its subsidiary companies over the cost of acquisition is treated as Capital Reserve.
 - Minority interests in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
 - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- b) Use of Estimates:
- The preparation of the consolidated financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans, income taxes, the useful lives and loss on impairment of tangible assets, intangible assets and goodwill on consolidation.
- Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.
- c) Tangible assets, intangible assets and capital work-in-progress:
- Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation/amortisation and impairment, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset are capitalised until such time as the assets are substantially ready for their intended use. Other pre-operative expenses for major projects are also capitalised, where appropriate.

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

d) Depreciation / amortization:

1) Tangible Assets

- Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives of the assets which are higher than the rates prescribed under Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. If the estimated useful lives of the assets have not undergone a change on account of transition to the Companies Act 2013:



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Assets	Useful life
Computer hardware, related peripherals etc.	3 years
Technologically advanced machineries	2 to 7 years
Other plant and equipment (Including office equipment)	2 to 9 years
Furniture and fixtures (Including lease hold improvements)	9 years

(ii) Depreciation in respect of assets of a foreign subsidiary is provided on a straight line basis at the rates based on useful life of the assets as estimated by the management here under:

Asset	Useful Life
Computer hardware and related peripherals	3 to 5 years
Plant and machinery	2 to 7 years
Furniture and fixtures (including leasehold improvements)	3 to 7 years
Vehicles	5 years
Other plant and equipments	2 to 7 years

(iii) The useful life of leasehold improvements are estimated taking into consideration lease period including the renewal option. Leasehold improvements includes provision for site restoration costs which are recognised based on the estimates made by management for probable liability towards restoration of these premises at the end of lease period.

(iv) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.

(v) Depreciation on additions during the year is charged from the month in which the assets are capitalized and for deletions up to the month prior to the month in which the asset is disposed off.

2) Intangible Assets

Intangible assets are amortised on a straight line basis at the rates based on estimated useful lives of respective assets, but not exceeding the period of ten years:

Assets	Useful life
Computer Software	2 to 3 Years
Goodwill	7 years
Trade marks / copyrights	10 Years

A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management.

e) Impairment:

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

f) Investments:

(i) Long-term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary.

(ii) Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

g) Inventories:

(i) Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used are expected to be sold at or above cost.

(ii) Finished goods, stock-in-trade and work-in-progress are valued at lower of cost and net realizable value.

(iii) Cost is ascertained on weighted average method and in case of finished products and work-in-progress, it includes appropriate production overheads and duties.

h) Revenue recognition:

(i) Income from services is recognized on rendering of services and are recorded net of discounts and service tax.

(ii) Income from package sale is recognized based on the utilisation of sessions by the customers.

(iii) Sale of products is recognized on delivery, which is when risks and rewards of ownership passed to the customers, and are recorded net of trade discounts, sales tax / value added tax.

(iv) Interest and other income are recognised on accrual basis.

(v) Dividend income is recognised when right to receive dividend is established.

i) Retirement and other benefits to employees:

1) Long-term employee benefits

(i) Defined contribution plans

The Company has defined contribution plan for post employment benefits in the form of provident fund. The Company's contributions to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

(ii) Defined benefit plans

The Company has defined benefit plans for post employment benefits in the form of gratuity and compensated absences. Liability for defined benefit plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary and contributed to employees Gratuity Fund. The actuarial valuation method used for measuring the liability is the projected unit credit method.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(iii) Compensated absences

The Company provides for the encashment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation.

2) Actuarial gains and losses due to changes in actuarial assumptions are recognised immediately in the Statement of Profit and Loss as income or expense.

j) Foreign currency transactions:

(i) Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

(ii) Foreign currency monetary assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognised in the Statement of Profit and Loss.

k) Accounting for taxes on income:

(i) Income tax payable in India is determined in accordance with the provisions of the Income-tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

(ii) Minimum Alternate Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(iii) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognised only when there is a virtual certainty of their realisation. Other deferred tax assets are recognised only when there is a reasonable certainty of their realisation.

l) Assets taken on lease:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight line basis over the lease term. Initial direct cost incurred by the company for operating lease arrangements are amortised over a non cancellable period of lease agreement.

m) Provisions and Contingent Liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the period end date. Contingent Assets are not recognised or disclosed in the consolidated financial statements.

n) Utilisation of Securities Premium Reserve

Expenses incurred on issue of shares are adjusted against the Securities Premium Reserve.

o) Employee Share Based Payments

Equity stock options granted are accounted as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense, equal to amortised portion of value of lapsed portion and the credit to deferred employee compensation expense equal to the un-amortised portion.

p) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

r) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "unallocated corporate expense/income".



	As at March 31, 2015		As at March 31, 2014	
	Number of Shares	Amount in Rs. Lacs	Number of Shares	Amount in Rs. Lacs
3. SHARE CAPITAL AND SHARE CAPITAL SUSPENSE ACCOUNT				
(a) Share Capital				
(i) Authorised (Refer Note 1B(g))				
Equity shares of Rs. 10/- each	20,000,000	2,000.00	20,000,000	2,000.00
	20,000,000	2,000.00	20,000,000	2,000.00
(ii) Issued, subscribed and fully paid-up				
Equity shares of Rs. 10/- each fully paid-up	-	-	17,848,975	1,784.90
Total	-	-	17,848,975	1,784.90

(b) Share capital suspense account

(Amount in Rs. Lacs)

	As at March 31, 2015	As at March 31, 2014
Share capital suspense account (Refer Note 1B)	1,289.71	-
Total	1,289.71	-

(c) Reconciliation of number of shares

	Number of Shares	Amount in Rs. Lacs	Number of Shares	Amount in Rs. Lacs
Balance as at the beginning of the year	17,848,975	1,784.90	17,848,975	1,784.90
Less: Reduction on account of the Scheme (Refer Notes 1B(d) and 1B(e))	17,848,975	1,784.90	-	-
Balance as at the end of the year	-	-	17,848,975	1,784.90

(d) Rights, preferences and restrictions attached to equity shares -

Equity Shares: The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors of the Company is subject to the approval of the shareholders in the ensuing annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(e) Shares held by the holding company:

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Marico Kaya Enterprises Limited and its nominees Refer Note 1(B)	-	-	17,848,975	100%

(f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held *	% of Holding	No. of Shares held	% of Holding
Harsh C Mariwala with Kishore V Mariwala (As representatives of Valentine Family Trust)	1,060,383	11.38%	-	-
Harsh C Mariwala with Kishore V Mariwala (As representatives of Aquarius Family Trust)	1,060,383	11.38%	-	-
Harsh C Mariwala with Kishore V Mariwala (As representatives of Taurus Family Trust)	1,060,383	11.38%	-	-
Harsh C Mariwala with Kishore V Mariwala (As representatives of Gemini Family Trust)	1,060,383	11.38%	-	-
Marico Kaya Enterprises Limited and its nominees	-	-	17,848,975	100.00%

* reflects proportionate number of shares that shall be issued pursuant to the Scheme. (Refer Note 1B)



(g) Shares reserved for issue under options :

The Board of Directors of the Company, during the year ended March 31, 2015, granted 187,901 Stock Options to certain eligible employees pursuant to the Kaya Limited Employee Stock Option Scheme 2014 and Kaya Limited Employee Stock Option Scheme 2014 (Kaya Middle East FZE) (together referred as 'Kaya ESOP'). One stock option is represented by one equity share of Kaya Limited. The vesting date for Kaya Limited Employee Stock Option Scheme 2014 and Kaya Limited Employee Stock Option Scheme 2014 (Kaya Middle East FZE) is March 31, 2016 and March 31, 2017, respectively. The Exercise Period is of one year from the vesting date. The scheme is administered by the Board of Kaya Limited. In terms of Kaya ESOP, pursuant to the Scheme (Refer Note 1B) number of options granted, has been adjusted 135,771.

The Board of Directors of Kaya Middle East FZE (a wholly owned subsidiary of KME Holding Pte Ltd) during the year ended March 31, 2015, granted Stock Options to an eligible employee pursuant to the Kaya Middle East FZE Employees Stock Option Scheme 2014 (KME FZE) (referred as 'KME ESOP'). One stock option is represented by one equity share of Kaya Middle East FZE. The vesting date is April 30, 2017 and the Exercise Period is of 6 months from the vesting date. Upon exercise of the Option, Kaya Middle East FZE / its Holding Company / its Group Company shall buy the shares so issued, at a price based on a pre-determined valuation methodology. The scheme is administered by the Board of Kaya Middle East FZE.

	As at March 31, 2015	
	Kaya ESOP	KME ESOP
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance as at beginning of the year	-	-
Granted during the year	135,771	22
Less : Exercised during the year	-	-
Forfeited / lapsed during the year	-	-
Balance as at end of the year	135,771	22
Percentage to current paid-up equity share capital of the Company (post the Scheme becoming effective)	1.05%	5.99%

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. 32.66 lacs as compensation cost under the 'intrinsic value' method (Refer note 25). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	For the year ended March 31, 2015
Net Profit after tax as reported (Rs. in lacs)	3,178.33
Add : Stock-based employee compensation expense included in Net profit (Rs. in lacs)	32.66
Less : Stock-based employee compensation expense as per Fair Value (Rs. in lacs)	79.66
Adjusted pro-forma (Rs. in lacs)	3,131.33
Basic earnings per share as reported (Rs.)	24.64
Pro-forma basic earnings per share (Rs.)	24.28
Diluted earnings per share as reported (Rs.)	23.59
Pro-forma diluted earnings per share (Rs.)	23.23

The following assumptions were used for calculation of fair value of grants:

	Kaya ESOP	KME ESOP
Risk-free interest rate (%)	8.47%	3.76%
Expected life of options (years)	1.98	2.92
Expected volatility (%)	65.00%	19.10%
Dividend yield	0.00%	0.00%



4. RESERVES AND SURPLUS

(a) Capital Reserve

Balance as at the beginning of the year	-	-
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	2,652.82	-
Balance as at the end of the year	2,652.82	-

(b) Securities Premium

Balance as at the beginning of the year	12,129.77	12,129.77
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	25,767.10	-
Less : Adjusted pursuant to the Scheme (Refer Note 1B(f))	16,399.27	-
Balance as at the end of the year	21,497.60	12,129.77

(c) Foreign Currency Translation Reserve

Balance as at the beginning of the year	(905.13)	1,208.14
Exchange gain /(loss) on translation during the year	438.79	(66.21)
Less: Exchange gain /(loss) on sale of DIAL Group (Refer Note 36(a))	-	(2,047.06)
Balance as at the end of the year	(466.34)	(905.13)

(d) Employee Stock Option Outstanding Account (Refer Note 3(g)):

Balance as at the beginning of the year	-	-
Add: Addition during the year (Refer Note 25)	32.66	-
Balance as at the end of the year	32.66	-

(e) Surplus / (Deficit) in the Statement of Profit and Loss:

Balance as at the beginning of the year	(4,728.23)	(8,469.16)
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	5.72	-
Profit for the year	3,178.33	3,740.93
Balance as at the end of the year	(1,544.18)	(4,728.23)
	22,172.56	6,496.41

5. LONG-TERM BORROWINGS

Unsecured:

Loan from the holding company - Interest free #	-	11,320.13
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Total	-	11,320.13
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The above loan was given by the holding company to provide long-term funding support to the Company. There were no specific terms of repayment of the loan.

6. DEFERRED TAX LIABILITIES

Deferred tax liabilities:

Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates

	-	-
Total	-	-

In view of significant unabsorbed depreciation and carry forward losses under tax laws, resulting in absence of virtual certainty, Kaya Limited has not recognised any deferred tax assets. Kaya Limited did not have any deferred tax liabilities.



7. LONG-TERM PROVISIONS

Provision for Gratuity	389.91	407.69
Other provisions:		
- Provision for equalisation of rent expenses (Refer Note (a) below)	382.08	244.73
- Provision for site restoration cost (Refer Note (b) below)	161.50	107.10
Total	933.49	759.52

a) Provision for equalisation of rent expenses represents amounts recorded towards recognition of rent expenses on straight line basis over the lease period.

b) Provision for site restoration cost:

The Company uses various leased premises for its clinics and skin bars. A provision for site restoration cost is recognised for the estimates made for probable liability towards the restoration of these premises at the end of lease period. The same has been classified to current and non-current as under:

Opening	147.90	160.09
Additions	37.40	11.91
Amounts used	-	(24.10)
Balance as at the end of the year	185.30	147.90
Classified as Non-current:	161.50	107.10
Classified as Current:	23.80	40.80
Total	185.30	147.90



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

As at March 31, 2015 As at March 31, 2014

8. TRADE PAYABLES

Trade payables	2,819.36	1,533.15
Payable to a related party (Refer Note 35)	55.45	196.76
Total	2,874.81	1,729.91

The disclosure pursuant to the said Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are as follows:

	As at March 31, 2015	As at March 31, 2014
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	-	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	-	-
Further interest remaining due and payable for earlier years.	-	-

9. OTHER CURRENT LIABILITIES

Payable to a related party (Refer Note 35)	-	2.07
Advances from customers	7,035.83	6,658.06
Book overdraft	77.28	8.43
Statutory dues including provident fund and tax deducted at source	167.55	317.31
Creditors for capital goods	115.71	67.41
Employee benefits payable	1,236.25	1,007.43
Relating to Sale of DIAL Group (Refer Note 36(a))	-	1,393.31
Others	96.34	168.03
Total	8,728.96	9,622.05



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)
As at March 31, 2015 As at March 31, 2014

10. SHORT-TERM PROVISIONS

Provision for employee benefits:

Gratuity	216.41	80.57
Leave encashment	518.30	455.00
	734.71	535.57

Other provisions:

Provision for Income tax (Previous year Net of advance tax of Rs. 450.67 lacs)	-	102.06
Provision for site restoration cost (Refer Note 7(b))	23.80	40.80
Provision for contingent consideration (Refer Note (a) below)	-	-
Other Provisions (Refer Note (b) below)	340.36	340.36
Provision for lease termination cost (Refer Note (c) below)	-	-
Provision for equalisation of rent expenses (Refer Note (d) below)	171.99	175.83
	536.15	659.05

Total	1,270.86	1,194.62
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(a) Provision for contingent consideration:

Acquisition of core business of Derma Rx Singapore in 2010 by Kaya Limited was subject to a contingent consideration, which was based upon achievement of certain milestones such as turnover, profit, etc. over a period of three years.

Balance as at the beginning of the year	-	3,197.91
Less: Amounts paid during the year	-	3,668.82
Add: Net exchange loss on transaction and translation	-	470.91
Balance as at the end of the year	-	-

(b) Other Provisions:

Other Provisions relates to a statutory matter. Any additional information in this regard can be expected to significantly prejudice the position of the Company.

Opening balance	340.36	340.36
Add: Amounts provided during the year	-	-
Balance as at the end of the year	340.36	340.36

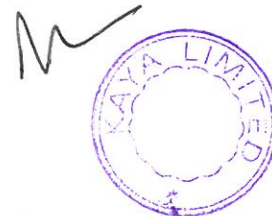
(c) Provision for lease termination cost:

Balance as at the beginning of the year	-	5.50
Less: Amount used during the year	-	(5.50)
Balance as at the end of the year	-	-

Provision for lease termination cost are towards lock-in period rent in respect of certain clinics closed in earlier year, which are recognised to the extent it is more than probable that outflow of resources will be required to settle the transactions.

(d) Provision for equalisation of rent expenses

Provision for equalisation of rent expenses represents amounts recorded towards recognition of rent expenses on straight line basis over the lease period.



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (a) Fixed Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT				(Amount in Rs. Lacs)				
	As at April 1, 2014	Additions	Deductions / Adjustments (Refer Note (a) below)	As at April 1, 2014	For the year (Refer Note (d) below)	Deductions / Adjustments (Refer Note (a) below)	Other adjustments (Refer Note (b) below)	Upto March 31, 2015	As at April 1, 2014	Charge / (Reversal) the year (Refer note (f) below)	Deductions / Adjustments (Refer Note (a) below)	Other adjustments	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible assets															
Plant and equipment	10,226.99	2,029.99	778.52	6,990.95	787.54	837.07	-	6,941.42	1,196.11	-	3.71	-	1,199.82	3,337.22	2,039.93
Furniture and fixtures (Refer Note (e) below)	4,310.53	386.04	(10.35)	2,417.94	230.09	12.85	-	2,635.18	1,156.17	-	18.47	807.05	1,174.64	903.60	736.42
Vehicles	66.48	14.36	50.25	35.82	8.97	25.16	-	19.63	-	-	-	-	-	10.96	30.66
Office equipment	585.04	48.21	27.13	448.63	30.90	37.79	-	441.74	103.82	-	(0.79)	-	103.03	61.35	32.59
Leasehold improvements	391.92	483.92	-	68.34	66.24	-	-	134.58	11.68	-	-	-	11.68	729.58	311.90
Total - A	15,580.96	2,962.52	845.55	9,961.68	1,123.74	912.87	-	10,172.55	2,467.78	-	21.39	807.05	2,489.17	5,042.71	3,151.50
Intangible assets															
Trademarks and copyrights	1.52	-	-	0.45	-	-	-	0.45	-	-	-	-	-	1.07	1.07
Goodwill (Refer Note (c) below)	-	249.09	(5.52)	-	14.83	(0.33)	-	15.16	-	-	-	-	-	239.45	-
Computer software	249.50	13.36	-	211.92	20.24	-	-	232.16	13.50	-	-	-	13.50	17.20	24.08
Total - B	251.02	262.45	(5.52)	212.37	35.07	(0.33)	-	247.77	13.50	-	-	-	13.50	257.72	25.15
Total - A + B	15,831.98	3,224.97	840.03	10,174.05	1,158.81	912.54	-	10,420.32	2,481.28	-	21.39	807.05	2,502.67	5,300.43	3,176.65
As at March 31, 2014	23,560.29	980.44	(7.47)	13,073.00	1,576.78	(22.26)	4,453.47	10,174.05	2,552.93	(119.48)	47.83	-	2,481.28	3,176.65	-

Notes:

- Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 68.26 lacs (Rs. 261.03 lacs)
- Represents fixed assets pertaining to discontinuing operations of DIAL Group (Refer Note 36(a))
- During the year, Kaya Middle East FZE acquired a clinic under sale and purchase agreement for an aggregate consideration of Rs. 353.75 lacs (AED 21.25 lacs). The excess of consideration paid over net assets taken over resulted in Goodwill of Rs. 249.09 lacs.
- Depreciation for the year includes Rs. Nil (Previous year Rs. 629.50 lacs) pertaining to discontinuing operations of DIAL Group (Refer Note 36(a))
- Furniture and fixtures also includes leasehold improvements, the amounts for which is not separately identifiable.
- Impairment loss / (reversal) of Rs. Nil (Previous year Rs. (119.48) lacs) is reflected as "Exceptional Item" in the Statement of Profit and Loss. (Refer Note 32)

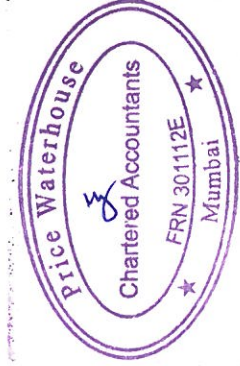


KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11 (b) Fixed Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT			(Amount in Rs. Lacs) NET BLOCK As at March 31, 2014					
	As at April 1, 2013	Additions	Deductions / Adjustments (Refer Note (b) below)	Other adjustments (Refer Note (c) below)	As at March 31, 2014	Upto April 1, 2013	For the year (Refer Note (d) below)	Deductions / Adjustments (Refer Note (b) below)	Other adjustments (Refer Note (c) below)		Upto March 31, 2014	Upto April 1, 2013 (Refer Note (f) below)	Charge / (Reversal) for the period (Refer Note (f) below)	Deductions / Adjustments (Refer note (b) below)	Upto March 31, 2014
Tangible assets															
Plant and equipment Furniture and fixtures (Refer Note (e) below)	10,805.87	422.12	10.27	990.73	10,226.99	7,212.90	715.84	(81.13)	856.66	6,990.95	1,294.76	(98.65)	-	1,196.11	2,039.93
Vehicles	4,109.48	257.27	(112.80)	169.02	4,310.53	2,318.66	195.59	61.34	157.65	2,417.94	1,129.00	(20.66)	47.83	1,156.17	736.42
Office equipment	53.31	7.73	(5.44)	-	66.48	24.91	8.41	2.50	-	35.82	-	-	-	-	30.66
Leasehold improvements	626.30	31.97	(6.42)	79.65	585.04	468.94	47.44	8.06	75.81	448.63	110.08	(6.26)	-	103.82	32.59
	1,102.25	234.75	106.24	838.84	391.92	647.31	111.54	(13.03)	677.48	68.34	11.68	-	-	11.68	311.90
Total (A)	16,697.21	953.84	(8.15)	2,078.24	15,580.96	10,672.72	1,078.82	(22.26)	1,767.60	9,961.68	2,545.52	(125.57)	47.83	2,467.78	3,151.50
Intangible assets															
Trademarks and copyrights (Refer Note (a) below)	6,535.49	-	-	6,533.97	1.52	2,130.78	475.00	-	2,605.33	0.45	-	-	-	-	1.07
Computer software	377.59	26.60	0.68	104.01	249.50	269.50	21.96	-	80.54	211.92	7.41	6.09	-	13.50	24.08
Total (B)	6,863.08	26.60	0.68	6,637.98	251.02	2,400.28	497.96	-	2,685.87	212.37	7.41	6.09	-	13.50	25.15
Total (A + B)	23,560.29	980.44	(7.47)	8,716.22	15,831.98	13,073.00	1,576.78	(22.26)	4,453.47	10,174.05	2,552.93	(119.48)	47.83	2,481.28	3,176.65

Notes:

- Trademarks were pending registration.
- Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 261.03 Lacs
- Represents fixed assets pertaining to discontinuing operations of DIAL Group (Refer Note 36(a))
- Depreciation for the year includes Rs. 629.50 lacs (Previous year Rs. 766.80 lacs) pertaining to discontinuing operations.
- Furniture and fixtures also includes leasehold improvements, the amounts for which is not separately identifiable.
- Impairment loss / (reversal) of Rs. (119.48) lacs (Previous year Rs. 1,001.58 lacs) is reflected as "Exceptional Item" in the Statement of Profit and Loss. (Refer Note 32)



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)
As at March 31, 2015 As at March 31, 2014

12. GOODWILL ON CONSOLIDATION

Balance as at the beginning of the year	5,507.01	21,001.52
Less: On account of sale of DIAL Group (Refer Note 36(a))	-	(12,520.49)
Add: Translation difference	407.43	875.98
Less: Loss on impairment (Refer Notes 32 and 36(b))	-	(3,850.00)
Total	5,914.44	5,507.01

13. LONG-TERM LOANS AND ADVANCES

(Unsecured and considered good, unless otherwise stated)

Capital advances	126.13	30.76
Security deposits	1,907.82	1,288.57
Deposits with Government Authorities	56.84	45.95
Prepaid expenses	396.34	352.46
Income tax payments (Net of provision for income tax of Rs. 555.00 lacs)	21.18	-
Total	2,508.31	1,717.74

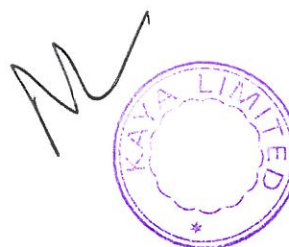
14. OTHER NON-CURRENT ASSETS

(Unsecured and considered good, unless otherwise stated)

Term deposits with banks with maturity period more than 12 months @	13.82	13.06
Interest accrued on long-term deposits with banks	1.51	7.16
Total	15.33	20.22

@ Term deposits with banks includes:

- Amount deposited with sales tax authorities	0.72	0.72
- Held as lien by Bank against guarantees issued on behalf of the Company.	13.10	12.34



SIGN & DATE

As at March 31, 2015

15. CURRENT INVESTMENTS

(at lower of cost and fair market value)

Non-trade Short Term Investments:

Investments in Mutual Funds (Unquoted):

Peerless Ultra Short Term Fund Super Institutional Growth Nil (10,837,759) Units of Rs. 10 each fully paid	-	1,500.00
Reliance Dynamic Bond Fund -Growth Plan Nil (5,996,974) Units of Rs. 10 each fully paid	993.64	
Less: Provision for diminution in the value of investment	<u>(7.69)</u>	985.95
ICICI Prudential Income-Regular Plan-Growth Nil (1,269,770) Units of Rs. 10 each fully paid	500.00	
Less: Provision for diminution in the value of investment	<u>(25.32)</u>	474.68
ICICI Prudential Ultra Short Term Regular Plan Growth Nil (7,937,579) Units of Rs. 10 each fully paid	-	1,000.00
ICICI Prudential Banking & PSU Debt Fund - Regular Plan-Growth 10,058,704 (Nil) Units of Rs. 10 each fully paid	1,520.60	
JP Morgan India Liquid Fund Super Institutional Growth Nil (3,547,440) Units of Rs. 10 each fully paid	-	578.07
JP Morgan India Treasury Fund Super Institutional Growth Nil (3,039,421) Units of Rs. 10 each fully paid	-	500.00
Kotak Liquid Scheme Plan A Growth Nil (59,510) Units of Rs. 1,000 each fully paid	-	1,506.85
Birla Sun Life Cash Plus Fund-Growth-Regular Plan 62,182 (165,056) Units of Rs. 100 each fully paid	139.03	338.00
JM Money Manager Fund-Super Plus Plan-Growth Nil (1,741,182) Units of Rs. 10 each fully paid	-	310.00
HDFC Floating Rate Income Fund-STP-WO-Growth Nil (6,994,605) Units of Rs. 10 each fully paid	-	1,506.84
HDFC High Interest Fund-Dynamic Plan-Growth 3,125,456 (Nil) Units of Rs. 10 each fully paid	1,500.00	-
DWS Ultra Short Term Fund - Institutional Plan - Growth Nil (3,332,489) Units of Rs. 10 each fully paid	-	500.00
Baroda Pioneer Treasury Advantage Fund-Plan A-Growth 105,136 (105,172) Units of Rs. 1,000 each fully paid	1,670.89	1,512.75
Reliance Money Manager Fund -Growth Plan 17,801 (29,041) Units of Rs. 1,000 each fully paid	340.00	500.00
SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth 21,139 (51,908) Units of Rs. 1,000 each fully paid	500.00	1,135.30
SBI Treasury Advantage Fund -Regular Plan-Growth 65,550 (Nil) Units of Rs. 1,000 each fully paid	1,000.00	-



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

(Amount in Rs. Lacs)
As at March 31, 2014

	As at March 31, 2015	As at March 31, 2014
15. CURRENT INVESTMENTS (.....continued) (at lower of cost and fair market value)		
Sundaram Ultra Short Term Fund-Regular-Growth Nil (871,388) Units of Rs. 10 each fully paid	-	1,500.00
UTI Banking & PSU Debt Fund-Regular Plan -Growth Nil (14,920,029) Units of Rs. 10 each fully paid	-	1,500.00
Principal Debt Opportunities Fund Corporate Bond Plan-Regular Plan Growth 71,815 (Nil) Units of Rs. 1,000 each fully paid	1,500.00	-
Religare Invesco Credit Opportunities Fund-Growth Nil (105,105) Units of Rs. 1,000 each fully paid	-	1,500.00
Religare Invesco Short Term Fund - Growth 89,193 (Nil) Units of Rs. 1,000 each fully paid	1,648.16	-
Reliance Liquid Fund -Treasury Plan-Growth 12,535 (Nil) Units of Rs. 10 each fully paid	425.00	-
Reliance Liquid Fund- Growth 3,815 (Nil) Units of Rs. 1,0000 each fully paid	80.00	-
IDFC Dynamic Bond Fund-Growth-Regular 8,902,923 (Nil) Units of Rs. 10 each fully paid	1,500.00	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth 8,722,533 (Nil) Units of Rs. 10 each fully paid	1,613.78	-
Tata Short Term Bond Fund-Plan A-Growth 5,818,825 (Nil) Units of Rs. 10 each fully paid	1,500.00	-
Reliance Liquid Fund - Treasury Plan - Daily Dividend 7,427 (Nil) Units of Rs. 1,000 each fully paid		
Reliance Liquid Fund - Treasury Plan - Daily Dividend 7,427 (6,048) Units of Rs. 1,000 each fully paid	252.82	
Total	15,190.28	16,848.44
Aggregate amount of unquoted investments (At cost)	15,190.28	16,848.44
Aggregate amount of unquoted investments (At Net asset value)	15,354.50	17,121.91



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

As at March 31, 2015 As at March 31, 2014

16. INVENTORIES

(Refer note 2(g) for basis of valuation)

Stores, spares and consumables	1,074.06	750.88
Raw materials	211.03	72.98
Packing materials	352.17	241.37
Work-in-process #	85.48	34.51
Finished goods #	1,587.80	1,334.86
Stock-in-trade #	37.72	36.65
Total	3,348.26	2,471.25

Skin care products

17. TRADE RECEIVABLES

Unsecured, considered good :

Outstanding for a period exceeding 6 months from the date they are due for payment

	17.54	17.15
Others	68.78	19.51
	<u>86.32</u>	<u>36.66</u>

Unsecured, considered doubtful :

Outstanding for a period exceeding 6 months from the date they are due for payment

	9.05	9.05
Others	-	-
	<u>9.05</u>	<u>9.05</u>

Less : Provision for doubtful debts

	9.05	9.05
Total	86.32	36.66

18. CASH AND BANK BALANCES

Cash and cash equivalents:

Cash on hand	159.26	114.10
Bank balances:		
In current accounts	2,603.76	975.27
Demand deposits (less than 3 months maturity)	300.32	326.12
Total	3,063.34	1,415.49

19. SHORT-TERM LOANS AND ADVANCES

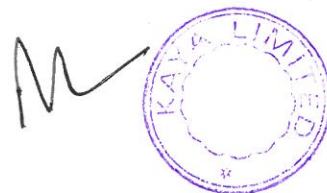
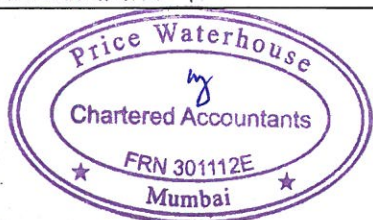
(Unsecured and considered good, unless otherwise stated)

Receivable from a Related Party (Refer Note 35)	11.27	1.17
Advances to suppliers	649.76	566.84
Balances with Government Authorities	84.71	38.66
Security deposits	173.71	502.43
Prepaid expenses	335.05	289.01
Loans and advances to employees	177.50	178.67
Total	1,432.00	1,576.78

20. OTHER CURRENT ASSETS

(Unsecured and considered good, unless otherwise stated)

Insurance claims receivable	-	0.85
Others	92.91	75.41
Total	92.91	76.26



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

Year Ended March 31, 2015

Year Ended March 31, 2014

21. REVENUE FROM OPERATIONS

Sale of products #	5,045.42	4,637.22
Sale of services #	28,106.32	24,385.92
	33,151.74	29,023.14
# Skin care products and services		
Other operating revenues	75.32	4.29
Total	33,227.06	29,027.43

22. OTHER INCOME

Interest income on fixed deposits and others	12.24	5.74
Dividend Income on current investments	16.69	0.29
Profit on sale of current investments (net)	1,417.96	293.07
Net gain on foreign currency transactions and translation	2.58	-
Provision for diminution in the value of current investments written back	33.01	-
Other non operating income	62.38	48.72
Total	1,544.86	347.82

23. COST OF MATERIALS CONSUMED

Raw materials consumed	3,171.94	3,065.28
Packing materials consumed	613.07	431.03
Total	3,785.01	3,496.31



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

Year Ended March 31, 2015 Year Ended March 31, 2014

24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROCESS AND STOCK-IN-TRADE

Stock at the end of the year		
- Work-in-process	85.48	34.51
- Finished goods	1,587.80	1,334.86
- Stock-in-trade	37.72	36.65
Total (A)	1,711.00	1,406.02
Stock at the beginning of the year		
- Work-in-process	34.51	22.24
- Finished goods	1,334.86	1,010.57
- Stock-in-trade	36.65	36.78
Total (B)	1,406.02	1,069.59
Changes in inventories (B - A)	(304.98)	(336.43)

25. EMPLOYEE BENEFITS EXPENSES

Salaries, wages and bonus	9,447.19	8,452.23
Contribution to provident and other funds	189.98	159.68
Employee stock option charge (Refer Note 3(g))	32.66	-
Gratuity	189.85	201.57
Staff welfare expenses	754.05	626.06
Seconded employee cost	-	728.64
Total	10,613.73	10,168.18

26. FINANCE COSTS

Interest on borrowings	0.57	14.30
Others	1.70	2.53
Total	2.27	16.83



SIGN & DATE

KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

Year Ended March 31, 2015 Year Ended March 31, 2014

27. OTHER EXPENSES

Consumption of consumables and stores and spare parts	2,193.55	1,784.72
Contract manufacturing expenses	310.76	227.69
Payments to consultants	1,567.89	1,438.41
Electricity expenses	453.52	411.64
Rent (Refer Note 31)	4,055.46	3,756.45
Repairs and maintenance:		
-Plant and machinery	193.64	266.15
-Building	774.15	696.56
-Others	173.18	164.01
	<u>1,140.97</u>	<u>1,126.72</u>
Insurance	57.34	43.56
Royalty expenses	-	78.08
Rates and taxes	333.70	181.35
Travelling, conveyance and vehicle expenses	710.04	636.28
Legal and professional charges	1,483.14	1,089.95
Directors' sitting fees	24.13	-
Printing, stationery and communication expenses	398.01	407.39
Advertisement and sales promotion	2,349.87	2,251.83
Bank charges	383.87	412.61
Freight forwarding and distribution expenses	61.83	40.41
Provision for doubtful debts	-	5.00
Net loss on foreign currency transactions and translation	-	28.19
Provision for diminution in the value of current investments	-	33.01
Loss on sale / discarding of assets (net)	2.08	53.40
Miscellaneous expenses	280.48	498.70
Total	15,806.64	14,505.39



KAYA LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

As at March 31,
2015

As at March 31, 2014

28. CONTINGENT LIABILITIES:

Claims against the Company not acknowledged as debts

- Income tax matters	14,673.97	1,285.32
- Sales tax matters	530.35	285.63
- Service tax matters	221.39	1,729.19
- Other matters	38.20	37.50
Total	15,463.91	3,337.64

(a) In respect of above, future cash outflows is determinable only on receipt of judgments pending at various forums / authorities.

(b) Kaya Limited has been sanctioned cash credit and letter of credit facilities by a bank. This facility is secured by first and exclusive charge on all existing and future receivable and current assets and second pari passu charge on movable fixed assets of the Company. Details of the same is as under:

Limit available for cash credit and letter of credit	1,500.00	800.00
Amount outstanding towards the facilities on account of letter of credit	12.58	18.99

29. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments:

Estimated value of contracts in capital account remaining to be executed (net of capital advances)

84.25

12.49

(b) Other Commitments:

Lease termination cost - representing lock-in-period rental under rental agreements

1,093.84

1,451.07

Total	1,178.09	1,463.56
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30. DERIVATIVE TRANSACTIONS:

The Group has not entered into any derivative transactions during the reporting years and there were no derivative transactions outstanding as at year end. Net foreign currency exposure not hedged as at the year end are as under:-

Particulars	Foreign currency amount			Equivalent amount in Rupees in Lacs	
	Currency	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Trade payables	USD	13,173	-	8.23	-
Trade receivables	USD	44,000	-	27.50	-
Bank balances	USD	1,550,871	155,087	969.26	92.88
Short-term loans and advances	USD	77,594	51,801	48.49	31.03
	EURO	13,900	13,900	9.32	11.76
	GBP	170	-	0.16	-
Other Current Liabilities	SGD	-	2,943,662	-	1,401.89



31. ADDITIONAL INFORMATION FOR ASSETS TAKEN ON LEASE:

The Group's significant leasing arrangements are in respect of residential flats, office premises, Skin clinics, warehouses, etc taken on lease. The arrangements range between 11 months to 9 years and are generally renewable by mutual consent or mutually agreeable terms. Under these arrangements refundable interest-free deposits have been given.

(Amount in Rs. Lacs)

Particulars	March 31, 2015	March 31, 2014
Lease payments recognized in the Statement of Profit and Loss during the year *	4,055.46	4,158.65
Future minimum lease rentals payments payable:		
- not later than one year	3,722.02	3,093.31
- later than one year but not later than five years	10,778.35	7,830.45
- later than five years	1,843.15	1,511.82

*Including Contingent Rent Rs. 17.90 Lacs (Previous Year: Rs 15.00 Lacs)

32. DETAILS OF EXCEPTIONAL ITEMS (NET) DISCLOSED IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS ARE AS UNDER:

(Amount in Rs. Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
Profit on Sale of Derma Rx Aesthetics Pte Limited (Refer Note 36 (a) and Note (a) below)	-	6,044.41
Reversal of impairment on fixed assets (Refer Note 11 and Note (b) below)	-	119.48
Impairment loss on goodwill on consolidation (Refer Note 36 (b))	-	(3,850.00)
Payment for termination of sale and purchase agreement (Refer Note 36 (b))	(479.78)	-
Total	(479.78)	2,313.89

(a) Relates to discontinuing operations

(b) The Group has carried out impairment assessment at the clinic level, which the management considers as the relevant cash generating unit. This resulted in an impairment reversal / (loss) of Nil (2013-14: Rs. 119.48 Lacs). The Group has considered following a pre tax discount rate:

- For skin clinics in India	18.00%	19.00%
- For skin clinics in Middle East	10.00%	10.33%

33: EARNINGS PER SHARE

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Profit / (Loss) as per the Statement of Profit and Loss / Profit / (Loss) attributable available to equity shareholders (Amount in Rs. Lacs) [A]	3,178.33	3,740.93
Less: Dilutive effect of ESOPs issued by Kaya Middle East FZE (Refer Note 3(g)) (Amount in Rs. Lacs)	(132.13)	-
Profit / (loss) for the purpose of diluted EPS [B] (Amount in Rs. Lacs)	3,046.20	3,740.93
Equity shares outstanding as at the year end	12,897,100	17,848,975
Weighted average number of equity shares used as denominator for calculating basic earnings per share * [C]	12,897,100	17,848,975
Weighted average number of equity shares used as denominator for calculating diluted earnings per share[D]	12,910,478	17,848,975
Nominal value per equity share (Rs.)	10	10
Basic earnings / (loss) per equity share (Rs.) [A/C]	24.64	20.96
Diluted earnings / (loss) per equity share (Rs.) [B/D]	23.59	20.96

* For the purpose of calculating the weighted average number of equity shares for the year ended March 31, 2015, the equity shares issued pursuant to the Scheme (Refer Note 1B) have been considered effective April 1, 2014 being the appointed date for the Scheme.

Reconciliation of Basic and Diluted Shares used in computing earnings per share

	Year ended March 31, 2015	Year ended March 31, 2014
Number of shares considered as basic weighted average shares outstanding	12,897,100	17,848,975
Add: Effect of dilutive stock options	13,378	-
Number of shares considered as weighted average shares and potential share outstanding	12,910,478	17,848,975



34. SEGMENT INFORMATION

(i) Primary Segment:

In accordance with Accounting Standard 17 - "Segment Reporting", the Group has determined its business segment as 'Skin Care'. Since, 100% of the Group's business is from providing specialized skin care services and other related products, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is reflected in the consolidated financial statements.

(ii) Secondary Segment Information:

The Group has identified geographical markets as the Secondary segment:

Geographical Segments	Composition
All over India	Kaya Skin clinics and skin bars in India
Middle East	Kaya Skin clinics and skin bars in Middle East
Singapore @	Derma clinics in Singapore (including Malaysia)

@ Refer Note 36(a)

(Amount in Rs. Lacs)

	India	Middle East	Singapore	Total
March 31, 2015				
Revenue	17,316.19	15,910.87	-	33,227.06
Carrying amount of assets	24,004.85	13,265.54	-	37,270.39
Capital expenditure	2,018.03	1,206.94	-	3,224.97
March 31, 2014				
Revenue	15,259.33	13,768.10	7,218.64	36,246.07
Carrying amount of assets	22,669.44	10,238.10	-	32,907.54
Capital expenditure	686.29	94.54	199.61	980.44



35. RELATED PARTY DISCLOSURES

a) Name of related parties and nature of relationship:

- i) Holding company :
Marico Kaya Enterprises Limited (from April 01, 2013 to March 31, 2014)
Marico Limited (up to March 31, 2013)
- ii) Key management personnel (KMP) :
Mr. Harsh Mariwala (Chairman and Managing Director)
- iii) Enterprises over which KMP have significant influence and transactions have taken place during the year:
Marico Limited (with effect from April 1, 2013)
Marico Middle East FZE

b) Transactions during the year:

(Amount in Rs. Lacs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Marico Limited		
Rent	64.75	83.98
Reimbursement of expenses incurred for the Group	112.26	1,321.50
Reimbursement of expenses incurred by the Group	22.00	11.82
Purchase of goods	15.62	-
Purchase of fixed assets	-	1.87
Sale of fixed assets	0.62	48.06
Legal and professional charges	47.48	20.79
Corporate guarantee commission	-	68.92
Marico Kaya Enterprises Limited		
Royalty expense	-	78.08
Employees related liabilities transferred	-	102.58
Employees loan balances transferred (net of recovery)	-	16.11
Loan repayment (net)	-	7.51
Marico Middle East FZE		
Rent paid	31.59	41.61
Reimbursement of expenses incurred for the Group	13.94	90.53
Reimbursement of expenses incurred by the Group	23.51	134.59

c) Balance Receivable/ (Payable) as at year end:

(Amount in Rs. Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Marico Limited		
Trade payables	(55.45)	(196.76)
Short term loans and advances	11.27	-
Other current liabilities	-	(2.07)
Marico Kaya Enterprises Limited		
Long term borrowing *	-	(11,320.13)
Marico Middle East FZE		
Short term loans and advances	-	1.17

*Interest free and without any specified repayment schedule

Note - The above related party disclosure does not include transfer of assets and liabilities, issue and cancellation of shares pursuant to the schemes becoming effective.



36. INFORMATION RELATING TO THE DISCONTINUING OPERATIONS:

- a) On November 14, 2013, the Board of Directors of the Company approved the divestment of its investment in Derma Rx International Aesthetics Pte Limited ('DIAL'), along with its step down subsidiaries DRx Clinic Pte. Ltd., DRx Aesthetics Sdn Bhd and DRx Medispa Pte. Ltd (collectively referred as 'DIAL Group') identified as 'Singapore' geographical segment (Refer Note 35) subject to the approval of the shareholders. The shareholders' approval was obtained at the Extra Ordinary General Meeting held on November 15, 2013. As a result, a Share Purchase Agreement was entered on December 1, 2013 for divestment of 100% stake in DIAL Group, which was concluded on January 9, 2014 upon receipt of consideration of SGD 34.48 million (equivalent Rs. 16,800.83 lacs) resulting into a profit of Rs. 6,044.41 lacs (after adjusting the expenditure incurred in relation to divestment of Rs. 2,079.18 lacs).

Accordingly, DIAL Group has been classified as discontinuing operations within these consolidated financial statements.

The discontinuing operations on account of above comprise results of Derma-Rx International Aesthetics Pte. Ltd, The Drx Clinic Pte Ltd, The DRx Medispa Pte. Ltd, and Drx Aesthetics sdn. Bhd.

Carrying amounts of the total assets and total liabilities as at year end in respect of discontinuing operations are:

(Amount in Rs. Lacs)

Particulars	As on March 31, 2015	As on March 31, 2014
Total assets	-	-
Total liabilities	-	-

Amount of revenue, expenses, pre - tax profit and tax in respect of the ordinary activities attributable to the discontinuing operations in Consolidated Statement of Profit and Loss is as under:

(Amount in Rs. Lacs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Revenue	-	7,218.64
Operating expenses	-	5,478.66
Profit on Sale of Derma Rx Aesthetics Pte Limited (Refer Note 32)	-	6,044.41
Pre-tax profits / (loss)	-	7,784.39
Tax expenses	-	871.59
Post-tax profits / (Loss)	-	6,912.80

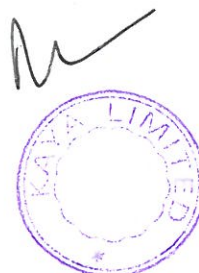
Amounts of net cash flows attributable to discontinuing Operations in the Consolidated Cash Flow Statement for the year ended is as under:

(Amount in Rs. Lacs)

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Cash inflows / (outflows) from Operating activities	-	2,614.65
Cash inflows / (outflows) from Investing activities	-	(707.32)
Cash inflows / (outflows) from Financing activities	-	(3,336.15)

- b) During the previous year, the Board of Directors of Kaya Limited had expressed its intention to sell majority of its stake in one of its foreign step down subsidiary Kaya Middle East FZE ('KME'), identified as 'Middle East' geographical segment (Refer Note 34). The Company had also re-assessed the carrying value of the net assets and goodwill on consolidation pertaining to KME. The Company had considered KME as the relevant cash generating unit and its value had been determined, for the purpose of impairment assessment, applying a pre-tax discount rate of 11.95%. Accordingly, a loss on impairment of Rs. 3,850.00 Lacs towards goodwill on consolidation was recognized and included in "Exceptional Items" in the Statement of Profit and Loss for the year ended March 31, 2014 (Refer Note 32).

However, during the current year, KME Holdings Pte Limited (Holding Company of KME) and prospective buyer were unable to agree on all terms and consequently arrived at an amicable settlement by KME Holdings Pte Limited paying Rs. 479.78 lacs which is disclosed as "Exceptional Items" in the Statement of Profit and Loss (Refer Note 32). The management of the Company has now decided not to pursue any option for divestment of KME.



37. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 - EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

The Group has various schemes for long-term benefits such as provident fund, leave encashment and gratuity. The Group defined contribution plan is provident fund since the Group has no further obligation beyond making the contributions. The Group defined benefit plans include gratuity. The employees of the Group are also entitled to leave entitlement as per the Group policy. The defined benefit plans are not funded.

b) Defined contribution plan:

The Group has recognised following amount as expenses and included in employee benefits expenses. (Refer note 25)

(Amount in Rs. Lacs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Contribution to provident fund	158.70	122.55
Contribution to employee state insurance contribution	31.08	36.92
Contribution to other funds outside India	-	241.95
Total	189.78	401.42

c) Defined benefit plans (Gratuity):

(Amount in Rs. Lacs)

Particulars	March 31, 2015	March 31, 2014
I. Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
Discount rate	4.50% to 8.10%	4.48% to 8.69%
Rate of return on plan assets *	8.01%	8.70%
Salary escalation rate **	5.00% to 11.00%	5.00% to 11.00%
Attrition rate	14.00% to 46.00%	14.00% to 46.00%
* The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.		
** The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		
II. Change in defined benefit obligations:		
Liability at beginning of the year	560.50	365.48
Interest cost	31.65	5.12
Current service cost	112.17	172.08
Past service cost (non vested benefits)	-	-
Past service cost (vested benefits)	-	-
Benefits paid	(106.77)	(108.30)
Liabilities acquired (Refer Note 1C(ii))	13.64	-
Exchange difference	17.75	103.18
Actuarial (gain) / loss on obligations	62.31	22.94
Liability at the end of the year	691.25	560.50



(Amount in Rs. Lacs)

Particulars	March 31, 2015	March 31, 2014
III. Fair value of plan assets:		
Fair value of plan assets at the beginning of the year	72.24	72.24
Expected return on plan assets	6.28	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain / (losses) on plan assets	6.41	-
Fair value of plan assets at the end of the year	84.93	72.24
IV. Actual return on plan assets:		
Expected return on plan assets	6.28	-
Actuarial gains / (losses) on plan assets	6.41	-
Actual return on plan assets	12.69	-
V. Amount recognised in the Balance Sheet:		
Liability at the end of the year	691.25	560.50
Less: Fair value of plan assets at the end of the year	84.93	72.24
Difference	606.32	488.26
Unrecognised past service cost	-	-
Liability recognised in the Balance Sheet	606.32	488.26
VI. Percentage of each category of plan assets to total fair value of plan assets:		
Insurer managed funds	100%	100%
VII. Expense recognised in the Statement of Profit and Loss:		
Current service cost	112.17	172.08
Interest cost	31.65	5.12
Expected return on plan assets	(6.28)	-
Net actuarial (gain) / loss to be recognized	57.81	22.94
Past service cost (non vested benefits)	-	-
Past service cost (vested benefits)	-	-
Exchange difference	(5.50)	1.43
Expense recognised in the Statement of Profit and Loss	189.85	201.57
VIII. Balance Sheet reconciliation:		
Opening net liability	488.26	365.48
Expenses as above	189.85	201.57
Liabilities Acquired (Refer Note 11 (a) (c))	13.64	-
Benefits paid	(106.77)	(108.30)
Exchange difference	21.34	29.51
Closing net liability	606.32	488.26
IX. Expected contribution for next year:		
As per actuarial valuation report	99.70	95.00
X. Experience adjustments:		
On plan liability (gain) / Loss	114.16	22.94
On plan asset (gain) / Loss	(6.41)	-
XI. Closing net liability (as above)		
Classified as short-term (Refer Note 10)	216.41	80.57
Classified as long-term (Refer Note 7)	389.91	407.69



d) Compensated absences:

The Group permits encashment of privileged leave (except sick leave) accumulated by its employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded.

Amount recognized in the Balance Sheet and movements in net liability:

Particulars	(Amount in Rs. Lacs)	
	Year ended March 31, 2015	Year ended March 31, 2014
Opening Balance of Compensated Absences (a)	455.00	289.03
Present value of Compensated Absences (As per actuary valuation) as at the year end (Refer Note 10) (b)	518.30	455.00
Unfunded liability of Compensated Absences recognized in the Statement of Profit and Loss. For the year (b - a)	63.30	165.97

38 Previous year figures have been regrouped to conform with current year's presentation, where applicable. In view of divestment of Derma business (Refer Note 36(a)), the reported previous year figures are not directly comparable.

The notes are an integral part of these consolidated financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

For and on behalf of the Board of Directors of Kaya Limited

Harsh Mariwala
Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Nikhil Khattau
Director and Chairman of Audit and Risk Committee

Dharmendar B Jain
Dharmendar B Jain
Chief Financial Officer

Almas Badar
Almas Badar
Company Secretary and Compliance Officer

Mumbai: May 14, 2015