

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KAYA LIMITED

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Kaya Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. 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.
5. 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 financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 Company has in place an adequate internal financial controls system over financial reporting 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.



7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

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

### **Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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 that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, 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 Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements (Refer Note 20);
- ii. The Company 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



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- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

*U. A. Shah*

Place: Mumbai  
Date: May 15, 2015

Uday Shah  
Partner  
Membership Number: 46061



**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 standalone financial statements for the year ended March 31, 2015**

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- i. (a) The Company 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 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 Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management 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 are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties 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 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 Company 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 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 Company 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 Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the 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.





- (b) According to the information and explanations given to us and the records of the Company 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 Company 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 Company did not exceed fifty percent of its net worth as at March 31, 2015 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the Company has 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 Company.



**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 standalone financial statements for the year ended March 31, 2015**

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- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. During the course of our examination of the books and records of the 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 Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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  
BALANCE SHEET AS AT MARCH 31, 2015

(Figures in Rupees)

	Note	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3(a)	-	178,489,750
Share capital suspense account	3(b)	128,971,000	-
Reserves and surplus	4	1,865,885,497	505,074,982
		<u>1,994,856,497</u>	<u>683,564,732</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term borrowings	5	-	1,132,012,847
Long-term provisions	6	54,357,766	35,182,762
		<u>54,357,766</u>	<u>1,167,195,609</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	7	150,698,731	119,087,861
Other current liabilities	8	567,623,122	654,273,994
Short-term provisions	9	69,854,948	78,918,565
		<u>788,176,801</u>	<u>852,280,420</u>
<b>Total</b>		<b>2,837,391,064</b>	<b>2,703,040,761</b>
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Fixed assets			
- Tangible assets	10	319,113,939	180,778,657
- Intangible assets	10	1,828,714	2,516,543
- Capital work-in-progress		31,804,433	4,680,755
		<u>352,747,086</u>	<u>187,975,955</u>
Non-current investments	11	434,241,000	431,165,000
Deferred tax assets	39	-	-
Long-term loans and advances	12	189,193,071	144,453,105
Other non-current assets	13	1,532,593	2,021,863
		<u>624,966,664</u>	<u>577,639,968</u>
<b>CURRENT ASSETS</b>			
Current Investments	14	1,519,028,844	1,684,844,363
Inventories	15	230,463,605	155,946,512
Trade receivables	16	4,498,830	3,666,075
Cash and bank balances	17	33,150,327	13,824,156
Short-term loans and advances	18	63,244,376	74,317,664
Other current assets	19	9,291,332	4,826,068
		<u>1,859,677,314</u>	<u>1,937,424,838</u>
<b>Total</b>		<b>2,837,391,064</b>	<b>2,703,040,761</b>

The notes are an integral part of these financial statements.

As per our attached report of even date.

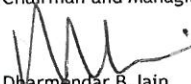
For Price Waterhouse  
Chartered Accountants  
Firm Registration Number: 301112E

U. A. Shah

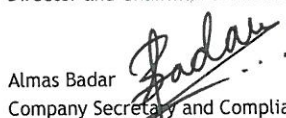
Uday Shah  
Partner  
Membership No. : 46061  
Mumbai: May 15, 2015

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

  
Harsh Maniwal  
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



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

(Figures in Rupees)

	Note	Year ended March 31, 2015	Year ended March 31, 2014
Revenue from operations	22	1,740,757,181	1,534,216,289
Other income	23	160,131,086	39,369,816
<b>TOTAL REVENUE</b>		<b>1,900,888,267</b>	<b>1,573,586,105</b>
<b>EXPENSES:</b>			
Cost of materials consumed	24	123,739,941	95,400,518
Purchases of stock-in-trade		5,232,586	2,130,771
Changes in inventories of finished goods, work-in-process and stock-in-trade	25	(17,314,248)	3,191,585
Employee benefits expenses	26	430,069,100	400,139,656
Finance costs	27	80,573	1,489,500
Depreciation and amortisation expenses	10	63,932,597	49,243,915
Other expenses	28	1,140,466,247	1,033,465,716
<b>TOTAL EXPENSES</b>		<b>1,746,206,796</b>	<b>1,585,061,661</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>154,681,471</b>	<b>(11,475,556)</b>
Exceptional Items - income / (expenses) - net	29	-	406,592,028
<b>PROFIT BEFORE TAX</b>		<b>154,681,471</b>	<b>395,116,472</b>
Tax Expenses			
- Current tax		-	55,500,000
- Income tax for earlier years		(227,118)	-
		(227,118)	55,500,000
<b>PROFIT FOR THE YEAR</b>		<b>154,908,589</b>	<b>339,616,472</b>
Earnings per equity share: [Nominal Value per share: Rs. 10 (Previous year - Rs. 10)]	38		
Basic (Refer note 38)		12.01	19.03
Diluted (Refer note 38)		12.00	19.03

The notes are an integral part of these standalone 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

Almas Badar  
Company Secretary and Compliance Officer

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KAYA LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 Rs.	(Figures in Rupees) Year ended March 31, 2014 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	154,681,471	395,116,472
Adjustments for:		
Depreciation and amortisation expenses	63,932,597	49,243,915
Impairment (reversal) / loss on fixed assets (Refer note 29)	-	(11,948,054)
Other provisions (Refer note 9(b))	-	34,036,400
Profit on sale investment in a subsidiary (Refer note 29)	-	(428,680,374)
Finance costs	80,573	1,489,500
Interest income	(416,835)	(145,329)
Irrecoverable balances written off (net)	-	7,324
Liabilities written back to the extent no longer required	(6,847,036)	(6,813,623)
Employee stock option charge (Refer note 26)	3,265,515	-
Loss on sale / discarding of assets (net)	111,328	3,785,532
Profit on sale of current investments (Refer note 23)	(141,795,514)	(29,306,799)
Provision for diminution in the value of current investments (net of amount written back)	(3,300,953)	3,300,953
Dividend Income (Refer note 23)	(1,668,761)	(28,647)
Provision for doubtful debts	-	500,000
	(86,639,086)	(384,559,202)
<b>Operating profit before working capital changes</b>	<b>68,042,385</b>	<b>10,557,270</b>
Adjustments for:		
(Increase) in inventories	(74,517,093)	(12,007,517)
(Increase) / decrease in trade receivables	(832,755)	54,996
(Increase) / decrease in loans and advances and other current and non-current assets	(26,383,992)	16,705,613
Increase / (decrease) in trade payables and other current and non-current liabilities and provisions	100,908,246	104,846,147
	(825,594)	109,599,239
<b>Cash (used in) / generated from operations</b>	<b>67,216,791</b>	<b>120,156,509</b>
Taxes paid (net of refund)	8,744,524	13,355,006
<b>NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES</b>	<b>58,472,267</b>	<b>106,801,503</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(233,633,502)	(73,943,782)
Sale of fixed assets	112,207	12,705,573
Investments in a subsidiary	(3,076,000)	(431,165,000)
Divestment of subsidiary (net)	(139,330,917)	1,611,496,291
Purchase of Current Investments - in mutual funds (net)	329,786,741	(1,243,742,452)
Dividend income received	1,668,761	28,647
Interest income received	981,959	79,313
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(43,490,751)</b>	<b>(124,541,410)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans repaid to Holding Company	-	(751,131)
Finance costs paid	(80,573)	(1,489,500)
<b>NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>(80,573)</b>	<b>(2,240,631)</b>
<b>D NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS [A + B + C]</b>	<b>14,900,943</b>	<b>(19,980,538)</b>



KAYA LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

	Year ended March 31, 2015 Rs.	(Figures in Rupees) Year ended March 31, 2014 Rs.
E Cash and cash equivalents - opening balance (Refer note 17)	13,824,156	33,804,694
F Cash and cash equivalents - Acquired pursuant to Amalgamation	4,425,228	-
G Cash and cash equivalents - closing balance (Refer note 17) [D + E]	33,150,327	13,824,156

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements.
2. For non-cash transactions relating to investing and financing activities pursuant to Scheme of Arrangement - refer Note 1B
3. Previous year figures have been regrouped where necessary.

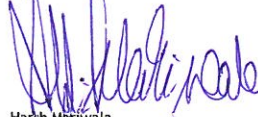
As per our attached report of even date.

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 Meriwala  
Chairman and Managing Director

  
Dharmaendar 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

SIGN & D





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

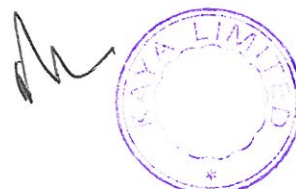
1A. GENERAL INFORMATION

Kaya Limited ('Kaya' or the 'Company'), headquartered in Mumbai, India, carries on skin care business through Kaya Skin Clinics. The clinics offer skin care solutions using scientific dermatological procedures and products. (Refer note 1B below)

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.
- 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 stand 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 Rs. 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 notes 3(a) & 3(b))
- e. Further, in terms of the Scheme, the existing share capital of the Company of Rs. 178,489,750 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.	Amount in Rs.
<b>Book value of assets, liabilities and reserves of MaKE</b>		
<b>Assets</b>		
Non-current investments	1,818,416,875	
Long-term loans and advance	1,135,593,090	
Current investments	18,874,755	
Cash and bank balances	4,425,228	
Other current assets	168,540	
<b>Total (i)</b>	<b>2,977,478,488</b>	
<b>Liabilities</b>		
Trade payables	1,299,070	
Other current liabilities and provisions	4,644,882	
<b>Total (ii)</b>	<b>5,943,952</b>	
<b>Reserves</b>		
Capital reserve	265,281,808	
Securities premium reserve	2,576,710,294	
Surplus in statement of profit and loss	571,434	
<b>Total (iii)</b>	<b>2,842,563,536</b>	
<b>Book value of assets, liabilities and reserves of MaKE</b>		
12,897,100 Equity Shares of Rs. 10 Each of the Company to be issued	128,971,000	
Book value of Investment by MaKE in Kaya Limited (A)		1,818,416,875
Equity Shares of Kaya Limited held by MaKE cancelled (B)		178,489,750
<b>Adjustments in securities premium in terms of the Scheme (A-B)</b>		<b>1,639,927,125</b>



**KAYA LIMITED**  
**NOTES TO STANDALONE FINANCIAL STATEMENTS**

- g. In terms of the Scheme, the authorized Share capital of the Company will be increased by the authorized share capital of MaKE (from Rs. 200,000,000 to Rs. 340,000,000) upon the Scheme being effective.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a) Basis of preparation of standalone financial statements:

These standalone 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 standalone 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.

- b) Use of Estimates:

The preparation of the standalone financial statements in conformity with GAAP requires 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 standalone financial statements and reported amounts of income and expenses during the year. Examples of such estimates include future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of standalone 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 loss, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation.

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

- (i) 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. The estimated useful lives of the assets have not undergone a change on account of transition to the Companies Act 2013 are :

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





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

- (ii) 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.
- (iii) Assets individually costing Rs. 5,000 or less are depreciated fully in the year of acquisition.
- (iv) 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 over their respective individual estimated useful lives on a straight line basis, but not exceeding the period given here under:

Assets	Useful Life
Computer softwares	3 years
Trade marks / copyrights	10 years

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:

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. 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:

- 1) 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.
- 2) Finished goods, stock-in-trade and work-in-progress are valued at lower of cost and net realizable value.
- 3) 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:

- 1) Income from services is recognized on rendering of services and are recorded net of discounts and service tax.
- 2) Income from package sale is recognized based on the utilisation of sessions by the customers.
- 3) 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 and value added tax.
- 4) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- 5) Dividend income is recognised when the right to receive dividend is established.





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NOTES TO STANDALONE FINANCIAL STATEMENTS

i) Employee benefits:

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.

(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:

- 1) 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.
- 2) 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:

- 1) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.
- 2) 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.
- 3) 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 recognized only when there is a virtual certainty of realization and other items are recognized when there is a reasonable certainty of 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) Accounting for provision, contingent liabilities and contingent assets:

Provisions are recognised, when there is a present obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are disclosed only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly



**KAYA LIMITED**  
**NOTES TO STANDALONE FINANCIAL STATEMENTS**

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. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognised in the standalone 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) 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.





	As at March 31, 2015	As at March 31, 2014
<b>3. SHARE CAPITAL AND SHARE CAPITAL SUSPENSE ACCOUNT</b>		
<b>(a) Share Capital</b>		
(i) Authorised 20,000,000 (20,000,000) equity shares of Rs. 10/- each (Refer note 1B(g))	200,000,000	200,000,000
(ii) Issued, subscribed and fully paid-up Nil (17,848,975) equity shares of Rs. 10/- each fully paid-up	-	178,489,750
<b>Total</b>	-	<b>178,489,750</b>
<b>(b) Share capital suspense account</b>		
Share capital suspense account (Refer note 1B(d))	128,971,000	-
<b>Total</b>	<b>128,971,000</b>	-

(c) Reconciliation of number of shares

	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	17,848,975	178,489,750	17,848,975	178,489,750
Less: Share reduction on account of the Scheme (Refer Note 1B(e))	17,848,975	178,489,750	-	-
<b>Balance as at the end of the year</b>	-	-	<b>17,848,975</b>	<b>178,489,750</b>

(d) Rights, preferences and restrictions attached to 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 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.

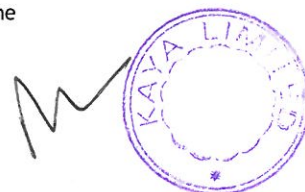
(e) Shares held by the holding company:

Refer Note 1(B)

(f) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company. (Refer Notes 1B(c) and 1B(d))

Name of the 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 representative of Valentine Family Trust)	1,060,383	11.38%	-	-
Harsh C Mariwala with Kishore V Mariwala (As representative of Aquarius Family Trust)	1,060,383	11.38%	-	-
Harsh C Mariwala with Kishore V Mariwala (As representative of Taurus Family Trust)	1,060,383	11.38%	-	-
Harsh C Mariwala with Kishore V Mariwala (As representative 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





(g) Shares reserved for issue under options :

The Board of Directors of the Company has 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 to 135,771.

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

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. 3,265,515 as compensation cost under the 'intrinsic value' method (Refer note 26). 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 (Rs.)
Net Profit after tax as reported	154,908,589
Add : Stock-based employee compensation expense included in Net profit	3,265,515
Less : Stock-based employee compensation expense as per Fair Value	7,122,404
Adjusted pro-forma	151,051,700
Basic earnings per share as reported (Refer note 38)	12.01
Pro-forma basic earnings per share	11.71
Diluted earnings per share as reported (Refer note 38)	12.00
Pro-forma diluted earnings per share	11.70

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

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



	As at March 31, 2015	As at March 31, 2014
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve:</b>		
Balance as at the beginning of the year	-	-
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	265,281,808	-
Balance as at the end of the year	265,281,808	-
<b>Securities premium reserve:</b>		
Balance as at the beginning of the year	1,212,977,048	1,212,977,048
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	2,576,710,294	-
Less : Adjusted pursuant to the Scheme (Refer Note 1B(f))	1,639,927,125	-
Balance as at the end of the year	2,149,760,217	1,212,977,048
<b>(Deficit) in the Statement of Profit and Loss:</b>		
Balance as at the beginning of the year	(707,902,066)	(1,047,518,538)
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	571,434	-
Profit for the year	154,908,589	339,616,472
Balance as at the end of the year	(552,422,043)	(707,902,066)
<b>Employee Stock Option Outstanding Account (Refer note 3(g)):</b>		
Balance as at the beginning of the year	-	-
Add: Addition during the year	3,265,515	-
Balance as at the end of the year	3,265,515	-
<b>Total</b>	<b>1,865,885,497</b>	<b>505,074,982</b>

**5. LONG-TERM BORROWINGS**

<b>Unsecured:</b>		
Loan from the holding company - Interest free	-	1,132,012,847
<b>Total</b>	<b>-</b>	<b>1,132,012,847</b>

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. LONG-TERM PROVISIONS**

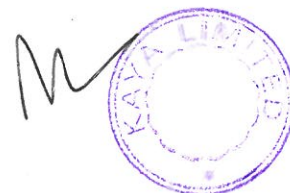
Provision for equalisation of rent expenses (Refer note (a) below)	38,207,766	24,472,762
Provision for site restoration cost (Refer note (b) below)	16,150,000	10,710,000
<b>Total</b>	<b>54,357,766</b>	<b>35,182,762</b>

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

Balance as at the beginning of the year	14,790,000	14,620,000
Additions	3,740,000	510,000
Amounts used	-	(340,000)
Balance as at the end of the year	18,530,000	14,790,000
Classified as Non-current:	16,150,000	10,710,000
Classified as current:	2,380,000	4,080,000
<b>Total</b>	<b>18,530,000</b>	<b>14,790,000</b>

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.



KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

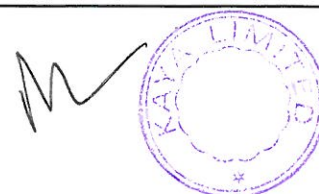
	As at March 31, 2015	As at March 31, 2014
<b>7. TRADE PAYABLES</b>		
Trade payables	145,153,519	99,412,291
Payable to related party	5,545,212	19,675,570
<b>Total</b>	<b>150,698,731</b>	<b>119,087,861</b>

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.	-	-

**8. OTHER CURRENT LIABILITIES**

Advances from customers	463,613,965	419,334,812
Book overdraft	7,727,749	842,569
Statutory dues including provident fund and tax deducted at source	16,755,129	31,731,004
Creditors for capital goods	11,571,273	6,740,713
Employee benefits payable	59,763,559	43,126,393
Relating to Sale of Investment in DIAL Group (Refer Note 29(b))	-	139,330,917
Others	8,191,447	13,167,586
<b>Total</b>	<b>567,623,122</b>	<b>654,273,994</b>





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015	As at March 31, 2014
<b>9. SHORT-TERM PROVISIONS</b>		
Provision for employee benefits:		
Provision for gratuity (Refer Note 34)	8,288,410	8,057,226
Provision for compensated absences (Refer Note 34)	14,532,642	12,222,362
	<u>22,821,052</u>	<u>20,279,588</u>
Other provisions:		
Provision for Income tax (Net of advance tax of Rs.57,618,465 (Previous year Rs. 45,066,580))	-	10,433,420
Provision for lease termination cost (Refer note (a) below)	-	-
Provision for equalisation of rent expenses (Refer note 6(a))	10,617,496	10,089,157
Provision for site restoration cost (Refer note 6(b))	2,380,000	4,080,000
Other Provisions (Refer note (b) below)	34,036,400	34,036,400
	<u>47,033,896</u>	<u>58,638,977</u>
<b>Total</b>	<b>69,854,948</b>	<b>78,918,565</b>

**(a) Provision for lease termination cost**

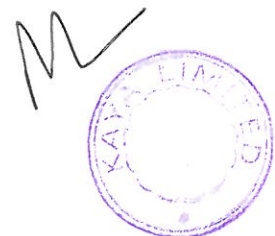
Balance as at the beginning of the year	-	550,000
Amounts used	-	550,000
Balance as at the end of the year	-	-

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

**(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 (Refer Note 29).

Opening balance	34,036,400	-
Add: Amounts provided during the year	-	34,036,400
Balance as at the end of the year	34,036,400	34,036,400



KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

10. Fixed Assets	GROSS BLOCK			DEPRECIATION/AMORTISATION			IMPAIRMENT			NET BLOCK		
	As at April 1, 2014	Additions	Deductions / Adjustments	As at March 31, 2015	Upto April 1, 2014	For the year	Upto March 31, 2015	Deductions / Adjustments	Charge / (Reversal) for the year (Refer note 29)	Upto March 31, 2015	As at March 31, 2014	As at March 31, 2015
<b>Tangible assets</b>												
Plant and equipment	752,630,200	116,743,051	92,217,871	777,155,380	543,135,542	44,437,247	91,502,108	496,070,681	102,198,843	(465,189)	101,733,654	179,351,045
Office equipment	49,035,556	4,160,761	2,465,390	50,730,927	33,773,924	2,375,316	2,253,115	33,896,125	9,716,631	(110,950)	9,605,681	7,229,121
Furniture and fixtures (Refer note a below)	179,433,589	31,171,687	10,067,014	200,538,262	89,696,939	8,472,158	9,396,534	88,772,563	52,989,077	(798,844)	52,190,233	59,575,466
Leasehold improvements	39,192,613	48,391,794	-	87,584,407	6,834,772	6,623,755	-	13,458,527	1,167,573	-	1,167,573	72,958,307
<b>Total - A</b>	<b>1,020,291,958</b>	<b>200,467,293</b>	<b>104,750,275</b>	<b>1,116,008,976</b>	<b>673,441,177</b>	<b>61,908,476</b>	<b>103,151,757</b>	<b>632,197,896</b>	<b>166,072,124</b>	<b>(1,374,983)</b>	<b>164,697,141</b>	<b>319,113,939</b>
Intangible assets												
Computer softwares	24,950,632	1,336,292	-	26,286,924	21,192,137	2,024,121	-	23,216,258	1,350,048	-	1,350,048	1,720,618
Trademarks / copyrights	152,607	-	-	152,607	44,511	-	-	44,511	-	-	-	108,096
<b>Total - B</b>	<b>25,103,239</b>	<b>1,336,292</b>	<b>-</b>	<b>26,439,531</b>	<b>21,236,648</b>	<b>2,024,121</b>	<b>-</b>	<b>23,260,769</b>	<b>1,350,048</b>	<b>-</b>	<b>1,350,048</b>	<b>1,828,714</b>
<b>Total - A + B</b>	<b>1,045,395,197</b>	<b>201,803,585</b>	<b>104,750,275</b>	<b>1,142,448,507</b>	<b>694,677,825</b>	<b>63,932,597</b>	<b>103,151,757</b>	<b>655,458,665</b>	<b>167,422,172</b>	<b>(1,374,983)</b>	<b>166,047,189</b>	<b>320,942,653</b>
<b>Previous year</b>	<b>1,021,470,662</b>	<b>68,628,444</b>	<b>44,703,909</b>	<b>1,045,395,197</b>	<b>670,871,607</b>	<b>49,243,915</b>	<b>25,437,697</b>	<b>694,677,825</b>	<b>182,145,333</b>	<b>(11,948,054)</b>	<b>167,422,172</b>	<b>183,295,200</b>

Notes:

- a). Furniture and fixtures also includes leasehold improvements, the amounts for which are not separately identifiable.  
b). Impairment reversal of Rs. Nil (Previous year Rs. 11,948,054) is reflected as 'Exceptional Item' in the Statement of Profit and Loss. (Refer note 29)



(Figures in Rupees)

KAYA LIMITED  
NOTES TO FINANCIAL STATEMENTS

10. Fixed Assets	GROSS BLOCK		DEPRECIATION/AMORTISATION		IMPAIRMENT LOSS AS AT		NET BLOCK		
	As at April 1, 2013	As at March 31, 2014	Up to April 1, 2013	For the year	Up to March 31, 2014	April 1, 2013 (Refer note b below and note 29)	March 31, 2014 (Refer note 29)	As at March 31, 2013	As at March 31, 2014
Tangible assets	744,320,344	752,630,200	526,941,677	34,925,963	543,135,542	112,064,198	102,198,843	105,314,469	107,295,815
Plant and equipment	47,302,477	49,035,556	30,804,999	3,019,904	33,773,924	10,343,079	9,716,631	6,154,399	5,545,001
Office equipment	165,574,347	179,433,589	90,004,745	5,043,551	89,696,939	57,829,735	52,989,077	17,739,867	36,747,573
Furniture and fixtures (Refer note a below)	39,477,359	39,192,613	3,506,749	4,631,286	6,834,772	1,167,573	1,167,573	34,803,037	31,190,268
Leasehold improvements	996,674,527	1,020,291,958	651,258,170	47,620,704	673,441,177	181,404,585	166,072,124	164,011,772	180,778,657
Total - A	24,643,528	24,950,632	19,568,926	1,623,211	21,192,137	740,748	1,350,048	4,333,854	2,408,447
Intangible assets	152,607	152,607	44,511	-	44,511	-	-	108,096	108,096
Computer softwares	24,796,135	25,103,239	19,613,437	1,623,211	21,236,648	740,748	1,350,048	4,441,950	2,516,543
Total - B	1,021,470,662	1,045,395,197	670,871,607	49,243,915	694,677,825	182,145,333	167,422,172	168,453,722	181,295,200
Total - A + B	1,153,416,518	1,041,263,227	639,529,622	102,722,055	71,380,070	81,987,420	182,145,333	168,453,722	168,453,722
Previous year									

## Notes:

a). Furniture and fixtures also includes leasehold improvements, the amounts for which are not separately identifiable.

b). Impairment charge / (reversal) of Rs. (11,948,054) [Previous year Rs. 100,157,913] is reflected as "Exceptional Item" in the Statement of Profit and Loss. (Refer note 29)






KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015	As at March 31, 2014
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>Long-term</b>		
Trade investments (Valued at cost unless otherwise stated)		
Investments in equity instruments		
Investment in Subsidiaries - Unquoted		
KME Holdings Pte Ltd. (Wholly owned)	434,241,000	431,165,000
8,842,409 (8,780,196) equity shares of 1 SGD each, fully paid		
<b>Total</b>	<b>434,241,000</b>	<b>431,165,000</b>
<b>Aggregate amount of unquoted investments ( At cost )</b>	<b>434,241,000</b>	<b>431,165,000</b>
<b>12. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good, unless otherwise stated)		
Capital advances	12,612,791	3,075,992
Security deposits	161,327,017	128,857,268
Deposits with Government Authorities	5,683,992	4,595,280
Prepaid expenses	7,450,806	7,924,565
Income tax payments (Net of provision for income tax Rs. 55,500,000 (Previous year Rs. 55,500,000))	2,118,465	-
<b>Total</b>	<b>189,193,071</b>	<b>144,453,105</b>
<b>13. OTHER NON-CURRENT ASSETS</b>		
(Unsecured and considered good, unless otherwise stated)		
Term deposits with banks with maturity period more than 12 months @	1,381,665	1,305,811
Interest accrued on long-term deposits with banks	150,928	716,052
<b>Total</b>	<b>1,532,593</b>	<b>2,021,863</b>

@ Term deposits with banks include Rs. 71,613 (Previous year Rs. 71,613) deposited with sales tax authorities and Rs. 1,310,052 (Previous year Rs. 1,234,198) held as lien by banks against guarantees issued on behalf of the Company.



As at March 31, 2015

As at March 31, 2014

14. 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	-	150,000,000
Reliance Dynamic Bond Fund -Growth Plan Nil (5,996,974) Units of Rs. 10 each fully paid	99,364,460	
Less: Provision for diminution in the value of investment	<u>(769,412)</u>	98,595,048
ICICI Prudential Income-Regular Plan-Growth Nil (1,269,770) Units of Rs. 10 each fully paid	50,000,000	
Less: Provision for diminution in the value of investment	<u>(2,531,541)</u>	47,468,459
ICICI Prudential Ultra Short Term Regular Plan Growth Nil (7,937,579) Units of Rs. 10 each fully paid	-	100,000,000
ICICI Prudential Banking & PSU Debt Fund - Regular Plan-Growth 10,058,704 (Nil) Units of Rs. 10 each fully paid	152,060,446	-
JP Morgan India Liquid Fund Super Institutional Growth Nil (3,547,440) Units of Rs. 10 each fully paid	-	57,806,947
JP Morgan India Treasury Fund Super Institutional Growth Nil (3,039,421) Units of Rs. 10 each fully paid	-	50,000,000
Kotak Liquid Scheme Plan A Growth Nil (59,510) Units of Rs. 1,000 each fully paid	-	150,684,762
Birla Sun Life Cash Plus Fund-Growth-Regular Plan 62,182 (165,056) Units of Rs. 100 each fully paid	13,902,952	33,800,000
JM Money Manager Fund-Super Plus Plan-Growth Nil (1,741,182) Units of Rs. 10 each fully paid	-	31,000,000
HDFC Floating Rate Income Fund-STP-WO-Growth Nil (6,994,605) Units of Rs. 10 each fully paid	-	150,684,075
HDFC High Interest Fund-Dynamic Plan-Growth 3,125,456 (Nil) Units of Rs. 10 each fully paid	150,000,000	-
DWS Ultra Short Term Fund - Institutional Plan - Growth Nil (3,332,489) Units of Rs. 10 each fully paid	-	50,000,000
Baroda Pioneer Treasury Advantage Fund-Plan A-Growth 105,136 (105,172) Units of Rs. 1,000 each fully paid	167,089,160	151,274,736
Reliance Money Manager Fund -Growth Plan 17,801 (29,041) Units of Rs. 1,000 each fully paid	34,000,000	49,999,999
SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth 21,139 (51,908) Units of Rs. 1,000 each fully paid	50,000,000	113,530,337
SBI Treasury Advantage Fund -Regular Plan-Growth 65,550 (Nil) Units of Rs. 1,000 each fully paid	100,000,180	-
Sundaram Ultra Short Term Fund-Regular-Growth Nil (871,388) Units of Rs. 10 each fully paid	-	150,000,000
UTI Banking & PSU Debt Fund-Regular Plan -Growth Nil (14,920,029) Units of Rs. 10 each fully paid	-	150,000,000
Principal Debt Opportunities Fund Corporate Bond Plan-Regular Plan Growth 71,815 (Nil) Units of Rs. 1,000 each fully paid	150,000,000	-



	As at March 31, 2015	As at March 31, 2014
<b>14. CURRENT INVESTMENTS</b>		
(at lower of cost and fair market value)		
<b>Non-trade Short Term Investments:</b>		
Religare Invesco Credit Opportunities Fund-Growth Nil (105,105) Units of Rs. 1,000 each fully paid	-	150,000,000
Religare Invesco Short Term Fund - Growth 89,193 (Nil) Units of Rs. 1,000 each fully paid	164,815,936	-
Reliance Liquid Fund -Treasury Plan-Growth 12,535 (Nil) Units of Rs. 1,000 each fully paid	42,499,998	-
Reliance Liquid Fund- Growth 3,815 (Nil) Units of Rs. 1,000 each fully paid	8,000,000	-
IDFC Dynamic Bond Fund-Growth-Regular 8,902,923 (Nil) Units of Rs. 10 each fully paid	150,000,000	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth 8,722,533 (Nil) Units of Rs. 10 each fully paid	161,378,197	-
Tata Short Term Bond Fund-Plan A-Growth 5,818,825 (Nil) Units of Rs. 10 each fully paid	150,000,000	-
Reliance Liquid Fund - Treasury Plan - Daily Dividend 7,427 (Nil) Units of Rs. 1,000 each fully paid	25,281,975	-
<b>Total</b>	<b>1,519,028,844</b>	<b>1,684,844,363</b>
<b>Aggregate amount of unquoted investments ( At cost )</b>	<b>1,519,028,844</b>	<b>1,684,844,363</b>
<b>Aggregate amount of unquoted investments ( At Net asset value )</b>	<b>1,535,450,371</b>	<b>1,712,190,956</b>

**15. INVENTORIES**

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

Stores, spares and consumables	107,405,959	75,087,791
Raw materials	21,102,859	7,297,668
Packing materials	35,216,585	24,137,099
Work-in-process #	8,548,215	3,451,333
Finished goods #	54,417,565	42,307,652
Stock-in-trade #	3,772,422	3,664,969
<b>Total</b>	<b>230,463,605</b>	<b>155,946,512</b>

# Skin care products





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015	As at March 31, 2014
<b>16. TRADE RECEIVABLES</b>		
Unsecured, considered good :		
Outstanding for a period exceeding 6 months from the date they are due for payment	1,754,145	1,715,132
Others	2,744,685	1,950,943
	4,498,830	3,666,075
Unsecured, considered doubtful :		
Outstanding for a period exceeding 6 months from the date they are due for payment	905,295	905,295
Others		-
	905,295	905,295
Less : Provision for doubtful debts	905,295	905,295
<b>Total</b>	<b>4,498,830</b>	<b>3,666,075</b>
<b>17. CASH AND BANK BALANCES</b>		
Cash and cash equivalents:		
Cash on hand	8,317,466	7,036,439
Bank balances:		
In current accounts	24,832,861	6,787,717
<b>Total</b>	<b>33,150,327</b>	<b>13,824,156</b>
<b>18. SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good, unless otherwise stated)		
Loans and advances to related parties (Refer Note 36)	3,040,394	5,475,654
<u>Other loans and advances</u>		
Advances to suppliers	23,458,550	27,761,108
Balances with Government Authorities	8,471,329	3,866,389
Security deposits	17,371,100	26,562,530
Prepaid expenses	10,035,383	8,542,860
Loans and advances to employees	867,620	2,109,123
<b>Total</b>	<b>63,244,376</b>	<b>74,317,664</b>
<b>19. OTHER CURRENT ASSETS</b>		
(Unsecured and considered good, unless otherwise stated)		
Insurance claims receivable	-	84,830
Others	9,291,332	4,741,238
<b>Total</b>	<b>9,291,332</b>	<b>4,826,068</b>



KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015	As at March 31, 2014
<b>20 (a). CONTINGENT LIABILITIES</b>		
Claims against the Company not acknowledged as debts		
- Income tax matters	1,467,397,145	128,531,797
- Sales tax matters	53,034,531	28,563,023
- Service tax matters	22,138,889	172,919,306
- Other matters	3,820,000	3,750,000
<b>Total</b>	<b>1,546,390,565</b>	<b>333,764,126</b>

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

20 (b) The Company has been sanctioned cash credit and letter of credit facilities of Rs. 150,000,000 (Rs. 80,000,000) 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 moveable fixed assets of the Company. Amount outstanding towards these facilities on account of letter of credit as at year end is Rs. 1,257,692 (Previous year Rs. 1,898,903).

**21. CAPITAL AND OTHER COMMITMENTS**

(a) Capital Commitments

Estimated value of contracts in capital account remaining to be executed (net of capital advances)	8,425,292	1,249,188
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(b) Other Commitments

Lease termination cost - representing lock-in-period rental under rental agreements	109,384,484	145,106,817
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KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>22. REVENUE FROM OPERATIONS</b>		
Sale of products #	350,662,626	338,435,961
Sale of services #	1,382,562,245	1,195,350,922
	1,733,224,871	1,533,786,883
Other operating revenues	7,532,310	429,406
# Skin care products and services		
<b>Total</b>	<b>1,740,757,181</b>	<b>1,534,216,289</b>

**23. OTHER INCOME**

Interest income	416,835	145,329
Dividend income:		
- On current investments	1,668,761	28,647
Profit on sale of current investments	141,795,514	29,306,799
Liabilities written back to the extent no longer required	6,847,036	6,813,623
Provision for diminution in the value of current investments Written Back	3,300,953	-
Other non operating income	6,101,987	3,075,418
<b>Total</b>	<b>160,131,086</b>	<b>39,369,816</b>

**24. COST OF MATERIALS CONSUMED (Refer note 33(a))**

Raw materials consumed	62,432,791	52,297,194
Packing materials consumed	61,307,150	43,103,324
<b>Total</b>	<b>123,739,941</b>	<b>95,400,518</b>





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

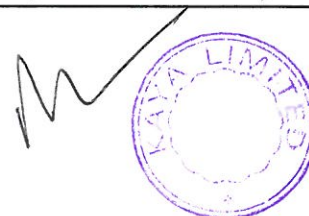
	Year ended March 31, 2015	Year ended March 31, 2014
<b>25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Stock at the end of the year:		
- Work-in-process	8,548,215	3,451,333
- Finished goods	54,417,565	42,307,652
- Stock-in-trade	3,772,422	3,664,969
Total A	66,738,202	49,423,954
Stock at the beginning of the year:		
- Work-in-process	3,451,333	2,223,821
- Finished goods	42,307,652	46,714,127
- Stock-in-trade	3,664,969	3,677,591
Total B	49,423,954	52,615,539
<b>Changes in inventories (B - A)</b>	<b>(17,314,248)</b>	<b>3,191,585</b>
<b>26. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages and bonus	368,438,057	276,213,561
Contribution to provident and other funds (Refer note 34(b))	18,998,386	15,967,796
Gratuity (Refer note 34(c))	2,852,875	3,426,582
Staff welfare expenses	36,514,267	31,667,560
Seconded employees cost	-	72,864,157
Employee stock option charge (Refer Note 3(g))	3,265,515	-
<b>Total</b>	<b>430,069,100</b>	<b>400,139,656</b>
<b>27. FINANCE COSTS</b>		
Interest on:		
Short term borrowings	57,300	1,430,137
Others	23,273	59,363
<b>Total</b>	<b>80,573</b>	<b>1,489,500</b>



KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>28. OTHER EXPENSES</b>		
Consumption of consumables and stores and spare parts (Refer note 33(b))	219,355,094	178,472,405
Contract manufacturing expenses	31,076,237	22,768,695
Payments to consultants	156,789,038	143,840,554
Electricity expenses	40,239,765	34,841,915
Royalty expenses	-	7,807,760
Rent (Refer note 37)	290,991,503	262,942,520
Repairs and maintenance:		
-Plant and machinery	5,783,129	9,101,898
-Building	68,128,407	57,626,387
-Others	15,763,061	14,352,370
	89,674,597	81,080,655
Insurance	4,288,993	3,374,711
Rates and taxes	17,034,851	22,558,828
Travelling, conveyance and vehicle expenses	31,145,658	23,587,303
Auditors' remuneration:		
- Statutory audit fees (including limited review)	2,350,000	1,500,000
- Tax audit fees	250,000	250,000
- for other services as statutory auditors	1,650,000	1,325,000
- Out of pocket expenses	46,611	74,785
	4,296,611	3,149,785
Directors' sitting fees	2,412,796	-
Legal and professional charges	45,035,145	35,312,687
Printing, stationery and communication expenses	23,292,397	21,688,651
Advertisement and sales promotion	143,265,162	127,201,240
Freight forwarding and distribution expenses	2,131,855	1,592,271
Net loss on foreign currency transactions and translation	171,403	1,637,845
Bank charges	18,329,152	24,545,705
Provision for doubtful debts	-	500,000
Provision for diminution in the value of current investments	-	3,300,953
Irrecoverable balances written off	-	639,751
Less : Withdrawn from provision for doubtful advances	-	632,427
	-	7,324
Loss on sale / discarding of assets (net)	111,328	3,785,532
Miscellaneous expenses	20,824,662	29,468,377
<b>Total</b>	<b>1,140,466,247</b>	<b>1,033,465,716</b>



KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>29. EXCEPTIONAL ITEMS (NET)</b>		
Impairment reversal on fixed assets (Refer note (a) below)	-	11,948,054
Other provisions (Refer note 9(b))	-	(34,036,400)
Profit on sale of investment in a subsidiary (Refer note (b) below)	-	428,680,374
<b>Total</b>	<b>-</b>	<b>406,592,028</b>

(a) The Company has, as in the previous year, carried out impairment assessment at the clinic level, which the Company considers as the relevant cash generating unit. This resulted in an impairment reversal of Rs.Nil (Previous year: Rs. 11,948,054). The Company has considered a pre-tax discount rate of 18% (Previous year 19%) for determining value in use. (Refer note 10)

(b) On November 14, 2013, the Board of Directors of the Company approved the divestment of its investment in Derma Rx International Aesthetics Pte Limited, along with its step down subsidiaries DRx Clinic Pte. Ltd., DRx Aesthetics Sdn Bhd and DRx Medispa Pte. Ltd (collectively referred as 'DIAL Group') 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 34,477,386 (Equivalent Rs. 1,680,083,004), resulting into a profit of Rs. 428,680,374 (after adjusting the expenditure incurred in relation to divestment of Rs. 207,917,630).

**30. CIF VALUE OF IMPORTS**

Raw materials	38,357,668	33,160,481
Packing materials	51,948,235	34,507,921
Consumables	2,875,213	10,617,051
Capital goods	90,572,144	11,289,058
Finished goods	-	2,130,771
<b>Total</b>	<b>183,753,260</b>	<b>91,705,282</b>

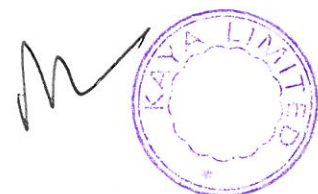
**31. EXPENDITURE IN FOREIGN CURRENCY**

Travelling, conveyance and vehicle expenses	77,525	1,214,245
Legal and professional charges	1,659,426	216,337
Advertisement and sales promotion	2,887,753	179,246
Others	691,571	11,377
<b>Total</b>	<b>5,316,275</b>	<b>1,621,205</b>

**32. EARNINGS IN FOREIGN CURRENCY #**

Revenue from exports on FOB Basis	9,138,953	8,338,207
Sale of goods and services	40,572,269	42,102,676
<b>Total</b>	<b>49,711,222</b>	<b>50,440,883</b>

# Excludes consideration received on divestment in DIAL Group (net of expenses paid / payable) - Refer Note 29(b) above.





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>33. DETAILS OF CONSUMPTION AND PURCHASES</b>		
<u>(a) Details of Raw material / Packing material consumed: @</u>		
Chemicals	62,432,791	52,297,194
Packing materials	61,307,150	43,103,324
<b>Total</b>	<b>123,739,941</b>	<b>95,400,518</b>

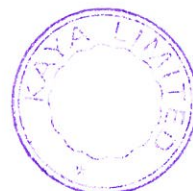
@ Consumption of raw materials and packing material include consumption by third parties under contract with the Company and consumption in respect of samples.

(b) Value of imported and indigenous materials consumed:

	March 31, 2015		March 31, 2014	
	Amount	%	Amount	%
Raw Materials:				
Imported	29,717,205	48%	30,206,000	58%
Indigenous	32,715,586	52%	22,091,194	42%
<b>Total</b>	<b>62,432,791</b>		<b>52,297,194</b>	
Consumables, Stores and spare parts:				
Imported	12,121,777	6%	15,008,891	8%
Indigenous	207,233,317	94%	163,463,514	92%
<b>Total</b>	<b>219,355,094</b>		<b>178,472,405</b>	

(c) Purchases of stock-in-trade:

Skin care products (Indigenous)	5,232,586	2,130,771
<b>Total</b>	<b>5,232,586</b>	<b>2,130,771</b>



34. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 - EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

The Company has various schemes for long-term benefits such as provident fund and gratuity. The Company's contribution to provident fund is defined contribution plan, as the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity. The employees of the Company are also entitled to leave as per the Company's policy.

b) Defined contribution plan:

The Company has recognised following amount as expenses (Refer Note 26)

	Year ended March 31, 2015 (Rs.)	Year ended March 31, 2014 (Rs.)
Contribution to provident fund	15,869,907	12,254,699
Contribution to employee state insurance contribution	3,108,131	3,692,041
	<b>18,978,038</b>	<b>15,946,740</b>

c) Defined benefit plans (Gratuity funded):

	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<u>I. Actuarial assumptions for Gratuity benefits and Compensated absence for employees:</u>		
Discount rate	8.01%	8.69%
Rate of return on plan assets *	8.01%	8.70%
Salary escalation rate **	11.00%	11.00%
Attrition rate	14% and 46%	14% and 46%
* 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.		
<u>II. Change in defined benefit obligations:</u>		
Liability at beginning of the year	15,280,904	6,602,003
Interest cost	1,327,911	511,655
Current service cost	1,443,121	620,409
Past service cost (non vested benefits)	--	--
Past service cost (vested benefits)	--	--
Liabilities transferred in	--	7,223,678
Benefits paid	(2,621,721)	(1,971,359)
Actuarial (gain) / loss on obligations	1,351,209	2,294,518
<b>Liability at the end of the year</b>	<b>16,781,424</b>	<b>15,280,904</b>



KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>III. Fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	7,223,678	--
Expected return on plan assets	628,460	--
Assets transferred in	--	7,223,678
Contributions	--	--
Benefits paid	--	--
Actuarial gain / (losses) on plan assets	640,876	--
<b>Fair value of plan assets at the end of the year</b>	<b>8,493,014</b>	<b>7,223,678</b>
<b>IV. Actual return on plan assets:</b>		
Expected return on plan assets	628,460	--
Actuarial gains / (losses) on plan assets	640,876	--
<b>Actual return on plan assets</b>	<b>1,269,336</b>	<b>--</b>
<b>V. Amount recognised in the Balance Sheet:</b>		
Liability at the end of the year	16,781,424	15,280,904
Less: Fair value of plan assets at the end of the year	8,493,014	7,223,678
Difference	8,288,410	8,057,226
Unrecognised past service cost	--	--
<b>Liability recognised in the Balance Sheet</b>	<b>8,288,410</b>	<b>8,057,226</b>
<b>VI. Percentage of each category of plan assets to total fair value of plan assets:</b>		
Insurer managed funds	100%	100%
<b>VII. Expense recognised in the Statement of Profit and Loss:</b>		
Current service cost	1,443,121	620,409
Interest cost	1,327,911	511,655
Expected return on plan assets	(628,460)	--
Net actuarial (gain) / loss to be recognized	710,303	2,294,518
Past service cost (non vested benefits)	--	--
Past service cost (vested benefits)	--	--
<b>Expense recognised in Statement of Profit and Loss</b>	<b>2,852,875</b>	<b>3,426,582</b>
<b>VIII. Balance Sheet reconciliation:</b>		
Opening net liability	8,057,226	6,602,003
Expenses as above	2,852,905	3,426,582
Net transfer in	--	--
Benefits paid	(2,621,721)	(1,971,359)
<b>Closing net liability</b>	<b>8,288,410</b>	<b>8,057,226</b>
<b>IX. Expected contribution for next year:</b>		
As per actuarial valuation report	9,969,976	9,500,347

	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
<b>X. Experience adjustments:</b>					
On plan liability (gain) / Loss	1,006,382	2,394,204	367,900	(657,799)	1,494,005
On plan assets (gain) / Loss	640,876	--	--	--	--





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	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
<b>XI. Closing net liability (as above)</b>		
Classified as short-term	8,288,410	8,057,226
Classified as long-term	--	--

d) Leave Encashment:

The Company 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	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Opening Balance of Compensated Absences (a)	12,222,362	5,267,244
Present value of Compensated Absences (As per actuary valuation) as at the year end (b)	14,532,645	12,222,362
Unfunded liability of Compensated Absences recognized in the Statement of Profit and Loss for the year (b - a)	2,310,283	6,955,118

**35. SEGMENT REPORTING:**

Primary Segment:

In accordance with Accounting Standard 17 - "Segment Reporting", the Company has determined its business segment as 'Skin Care'. Since, 100% of the Company'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 Financials Statements.

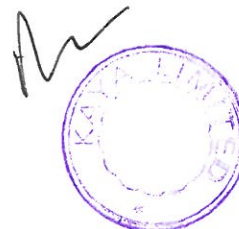
Secondary Segment:

The Company's operations are such that all activities are confined only to India and hence, there is no secondary reportable segment relating to the Company's business.

**36. RELATED PARTY DISCLOSURES**

a) **Names of the related parties and nature of relationship:**

(i)	Holding Company:	Marico Kaya Enterprise Limited (with effect from April 1, 2013 and upto March 31, 2014 (Refer Notes 1B))
(ii)	Subsidiaries / fellow subsidiaries	KME Holding Pte Ltd. (with effect from October 18, 2013) Derma - Rx International Aesthetics Pte. Ltd.# The DRx Clinic Pte. Ltd.# The DRx Medispa Pte. Ltd.# DIPL Singapore Pte Limited (Erstwhile known as DRx Investments Pte. Ltd.) DRx Aesthetics Sdn. Bhd.# Kaya Middle East FZE # Upto January 9, 2014
(iii)	Key managerial personnel	Mr. Harsh Mariwala - Chairman and Managing Director
(iv)	Enterprise over which KMP have significant influence and transactions have taken place	Marico Limited

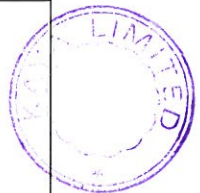


KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

b) Transactions with parties referred in 'a' above:

(Amount in Rupees)

Particulars	Holding company		Enterprise over which KMP have significant Influence		Subsidiary/fellow subsidiaries		TOTAL	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Transactions during the year</b>								
Sale of goods	--	--	--	--	9,138,953	8,338,207	9,138,953	8,338,207
Sale of fixed assets	--	--	61,500	4,805,544	--	--	61,500	4,805,544
Purchase of goods	--	--	1,562,344	--	--	--	1,562,344	--
Purchase of Fixed Assets	--	--	--	186,669	--	257,302	--	443,971
Reimbursement of expenses paid by Company on behalf of								
Royalty Expenses (with effect from October 1, 2013)	--	7,807,760	--	--	2,674,520	7,222,488	2,674,520	7,222,488
Legal and Professional			4,747,611	9,828,657	--	--	--	7,807,760
Reimbursement of expenses incurred for the company (Seconded employee cost, electricity and other)	--	--	9,762,079	121,139,576	279,276	86,015	10,041,355	121,225,591
Rent Paid	--	--	6,474,550	8,246,963	--	--	6,474,550	8,246,963
Employee's related liabilities transferred	--	10,257,695	--	--	--	--	--	10,257,695



*[Handwritten signature]*

KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

(Amount in Rupees)

Particulars	Holding company		Enterprise over which KMP have significant Influence		Subsidiary/fellow subsidiaries		TOTAL	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Employee's loan balances transferred (net of recovery)	--	1,611,045	--	--	--	--	--	1,611,045
Loan repayment (net)	--	751,131	--	--	--	--	--	751,131
Investment Made	--	--	3,076,000	431,165,000	3,076,000	431,165,000	3,076,000	431,165,000
<b>Balances Receivable/(Payable) as at the year end</b>								
Investment	--	--	--	--	434,241,000	431,165,000	434,241,000	431,165,000
Trade Payables	--	--	(5,545,212)	(19,675,570)	--	--	(5,545,212)	(19,675,570)
Short term loans and advances	--	--	--	--	3,040,394	5,475,654	3,040,394	5,475,654
Long Term Borrowing *	--	(1,132,012,847)	--	--	--	--	--	(1,132,012,847)
Guarantees Given	--	--	--	80,000,000	--	--	--	80,000,000

\* Interest free and without any repayment schedule

Note:- The above related party disclosure does not include transfer of assets and liabilities, issue and cancellation of shares pursuant to the scheme becoming effective (Refer note 1B)





KAYA LIMITED  
NOTES TO STANDALONE FINANCIAL STATEMENTS

c) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties

(Amount in Rupees)

PARTICULAR	Transactions		Balances Receivable / (Payable)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Sale of goods</b>				
Kaya Middle East FZE	9,138,953	8,338,207	--	--
<b>Sale of fixed assets</b>				
Marico Limited	61,500	4,805,544	--	--
<b>Purchase of goods</b>				
Marico Limited	1,562,344	--	--	--
<b>Purchase of fixed assets</b>				
Marico Limited	--	186,669	--	--
Kaya Middle East FZE	--	257,302	--	--
<b>Reimbursement of expenses incurred by the company on behalf of</b>				
Derma Rx International Aesthetics Pte Ltd	--	1,385,709	--	--
Kaya Middle East FZE	2,674,520	5,836,779	3,040,394	5,475,654
<b>Royalty Expenses</b>				
Marico Kaya Enterprise Limited	--	7,807,760	--	--
<b>Legal and Professional</b>				
Marico Limited	4,747,611	9,828,657	--	--
<b>Reimbursement of expenses incurred for the Company (Seconded employee cost, electricity and others)</b>				
Marico Limited	9,762,079	121,139,576	(5,545,212)	(19,675,570)
<b>Rent paid</b>				
Marico Limited	6,474,550	8,246,963	--	--
<b>Employee's related liabilities transferred</b>				
Marico Kaya Enterprise Limited	--	10,257,695	--	--
<b>Employee's related Loans transferred</b>				
Marico Kaya Enterprise Limited	--	1,611,045	--	--
<b>Loan repaid *</b>				
Marico Kaya Enterprises Limited	--	751,131	--	(1,132,012,847)
<b>Investments made</b>				
KME Holding Pte Ltd.	3,076,000	431,165,000	434,241,000	431,165,000

\*Interest Free



**37. OPERATING LEASES:**

The Company has entered into several operating lease arrangements for its office premises and skin clinics for a period ranging from 3 to 9 years and, is renewable on a periodic basis at the option of the lessor and / or lessee. Under these arrangements, generally refundable interest free deposits have been given.

Disclosure in respect of assets taken on non-cancellable operating lease:

Particulars	March 31, 2015 (Rs.)	March 31, 2014 (Rs.)
Lease payments recognized in the Statement of Profit and Loss during the year *	290,991,503	262,942,520
Future minimum lease rentals payments payable:		
- not later than one year	268,945,764	221,198,127
- later than one year but not later than five years	900,088,437	711,560,795
- later than five years	184,315,126	151,181,876

\*Including Contingent Rent Rs. 1,790,447 (Rs. 1,499,835)

**38. EARNINGS PER SHARE:**

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Profit as per the Statement of Profit and Loss / Profit available to equity shareholders (Rs.) [A]	154,908,589	339,616,472
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 # [B]	12,897,100	17,848,975
Weighted average number of equity shares used as denominator for calculating diluted earnings per share [C]	12,910,478	17,848,975
Nominal value per equity share (Rs.)	10	10
Basic earnings per equity share (Rs.) [A/B]	12.01	19.03
Diluted earnings per equity share (Rs.) [A/C]	12.00	19.03

# For the purpose of calculating equity shares outstanding and the weighted average number of equity shares for the year ended March 31, 2015, the equity shares to be 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

	March 31, 2015	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



**KAYA LIMITED**  
**NOTES TO STANDALONE FINANCIAL STATEMENTS**

39. In view of significant unabsorbed depreciation and carry forward losses under tax laws, resulting in absence of virtual certainty, the Company has not recognised any deferred tax assets. The Company does not have any Deferred Tax Liabilities.

**40. DERIVATIVE TRANSACTIONS:**

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2015. Net foreign currency exposure not hedged as at the year end were as under:-

Particulars	Foreign currency amount			Equivalent amount in Rupees	
	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	--	823,286	--
Short-term advances	USD	77,594	51,801	4,849,490	3,102,878
	EURO	13,900	13,900	932,259	1,175,506
	GBP	170	--	15,717	--
	AED	178,679	335,810	3,040,394	5,475,654
Other Current Liabilities	SGD	--	2,943,662	--	140,188,986

41. Research and Development expenses aggregating Rs. 3,124,090 (Previous year Rs. 2,699,358) have been included under the relevant heads in the Statement of Profit and Loss.

42. Previous year figures have been re-grouped and reclassified wherever necessary to conform to this year's classification.

As per our attached report of even date.

**Signatures to Note 1 to 42**

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

*Dharmendar B Jain*  
Dharmendar B Jain  
Chief Financial Officer  
Mumbai: May 14, 2015

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

*Almas Badar*  
Almas Badar  
Company Secretary and Compliance Officer