kaya®

Annual Report
2017-18

Your favourite beauty destination has just undergone a grand makeover

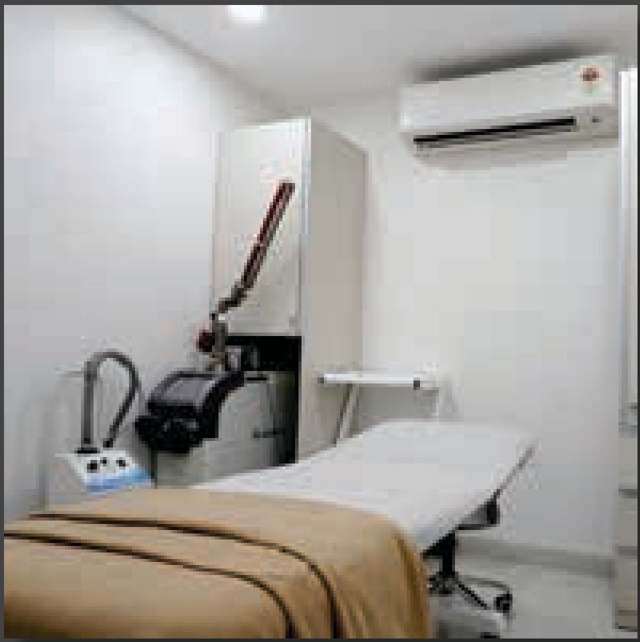
Our new State-of-the-Art skin & hair clinics were renovated this year.

5
CITIES

19
CLINICS

3
LAC+ SQ.FT
RENOVATED

kaya™
clinic



Kaya Middle East unveils its new Brand Identity

Elevated Guest Experience

Revamped Retail Identity

Refreshed Brand Positioning

kaya®
SKIN CLINIC

About Kaya

With the objective of addressing the wide variety of emerging beauty needs, Kaya today, has a comprehensive portfolio of advanced skin care and hair care solutions spanning Laser hair removal, Brightening and pigmentation, Acne and Scars, Hair Loss, Beauty Facials and Bridal among others. These advanced solutions are backed by over 160 experienced Dermatologists across the 100 Kaya clinics, offering customized consultations and in-clinic solutions, thus ensuring efficacy.

In addition to the range of advanced solutions, Kaya has a wide spectrum of retail products that range from Daily Essentials, Acne solutions, Lightening and Brightening, Sun care, Anti-aging and Hair loss, Hair volumizing and Dandruff, all formulated and developed by our dermatologists. These products are retailed across our clinics and over 130 retail outlets across major departmental stores like Shopper Stop, Lifestyle, Central, Health & Glow and New U.

To tap the fast growing omni-channel customer, Kaya products are also retailed through E-Commerce, across partners that include Nykaa, Amazon, Flipkart, Jabong and Myntra etc. Additionally, consumers can now experience a Kaya e-consultation with a Dermatologist from the comfort of their homes.

Kaya continues to build key metrics like customer retention with Kaya Smiles, its loyalty program, which continues to grow well and currently contributes to more than 70% of the overall revenue.

Kaya is the largest International chain of skin care clinics in the Middle East with over 20 clinics across UAE, Saudi Arabic & Oman and is backed by a panel of 30 Dermatologists and with over 1,50,000 satisfied customers.

Discover your beauty potential.

skin | hair | body

UNDERSTANDING NEEDS

Personalised Consultation with Kaya Dermatologist.

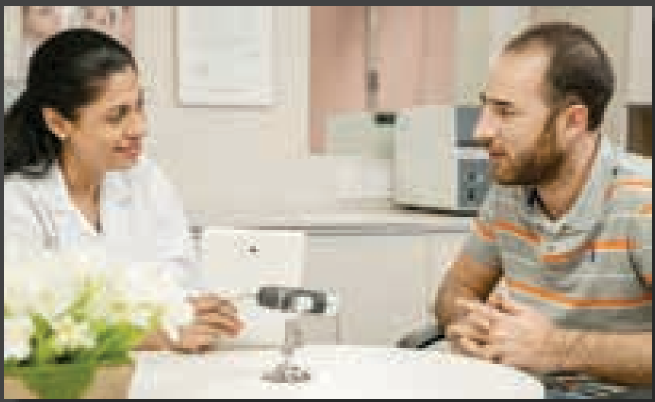
STATE-OF-ART, SAFE TECHNOLOGY

US FDA Approved | Efficacious

WORLD CLASS INFRASTRUCTURE

100+ Clinics | Modern Amenities

LARGEST POOL OF DERMATOLOGISTS



Treatments Supervised and Performed by Dermatologists


kaya hair
kaya hair
kaya hair
kaya hair
kaya hair
FORMULA RESEARCHED & DEVELOPED BY DERMATOLOGISTS
skin | hair | body

70 PRODUCTS

15 RANGES

11 NEW ADDITIONS

Skin Care

Everyone desires naturally beautiful skin, irrespective of age and gender. We at Kaya understand this aspiration.

Kaya is the leader in specialty skin care, backed by expert Dermatologists who understand the uniqueness of every skin and design customized solutions to deliver on efficacy. This expert touch of Kaya has helped enhance and transform millions of lives.

Be it a teenager who needs solutions for persistent acne or a permanent solution for body hair, or a young woman who needs instant and lasting skin brightening, or advanced anti-ageing solutions for wrinkles and loss-of-volume, Kaya offers a range of affordable and specialized solutions designed for efficacy. We continually scan the globe for the latest and efficacious technology solutions, invest in these technologies in the endeavor to offer the Indian customer, the latest and the best.

Hair Care

Kaya has entered the hair care category in 2016-17 with a wide portfolio of advanced solutions spanning various hair care needs like hair loss, hair thinning, limp and dull hair, and dandruff.

Kaya Hair solutions are designed on a holistic approach that works on all three dimensions of hair - the Scalp, Root and Shaft. The Kaya Hair portfolio spans the entire spectrum, from advanced dermatological solutions to our hair health-boost system, for both men and women. Our state-of-art hair transplant solutions for advanced hair loss is now available across Delhi, Mumbai and Bengaluru, led by experienced dermato-surgeons.








Awards and Accolades

KAYA INDIA

“Product Innovation Award”
Times Network

“Best Eye Cream”
Nykaa Femina Beauty Awards 2018

“Best Loyalty Program”
Global Marketing Excellence Awards

“Best Use of Social Media in Marketing”
Global Marketing Excellence Awards

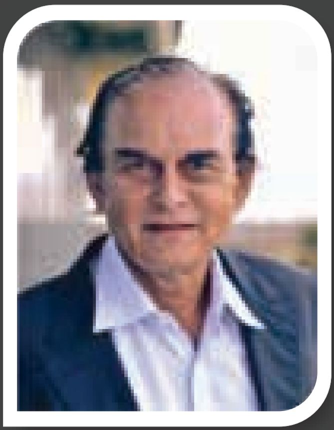
“National Award for Marketing Excellence”
Times Network

“Women Empowered Company”
The Indian Women's Convention

“Best HR Initiative of the year 2017-18”
The TRRAIN Retail Awards

“Best Talent Management Initiatives”
World HRD Congress presented by ET Now Times Ascent Awards

Board of Directors

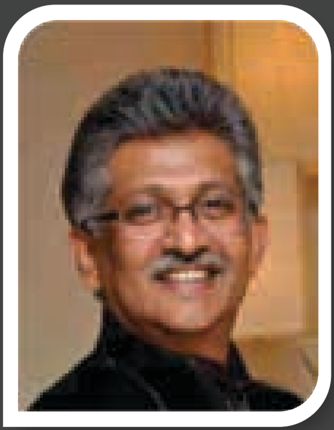


Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Independent Director

Ameera Shah
Independent Director

Rajen Mariwala
Non- Executive Director



B S Nagesh
Independent Director

Irfan Mustafa
Independent Director

COMPANY INFORMATION

Board of Directors	:	Mr. Harsh Mariwala Mr. Rajendra Mariwala Ms. Ameera Shah Mr. Nikhil Khattau Mr. B. S. Nagesh Mr. Irfan Mustafa
Company Secretary & Compliance Officer	:	Ms. Almas Badar (upto November 10, 2017) Ms. Nitika Dalmia (w.e.f. December 5, 2017)
Chief Financial Officer	:	Mr. Dharmendar Jain (upto April 21, 2017) Mr. Naveen Duggal (w.e.f. August 2, 2017)
Audit and Risk Management Committee	:	Mr. Nikhil Khattau, Chairman Ms. Ameera Shah, Member Mr. B. S. Nagesh, Member Mr. Harsh Mariwala, Permanent Invitee to the Committee Ms. Nitika Dalmia, Secretary to the Committee
Nomination & Remuneration Committee	:	Mr. B. S. Nagesh, Chairman Mr. Irfan Mustafa, Member Mr. Rajendra Mariwala, Member Mr. Harsh Mariwala, Permanent Invitee to the Committee Ms. Nitika Dalmia, Secretary to the Committee
Stakeholders' Relationship Committee	:	Mr. Nikhil Khattau, Chairman Mr. Rajiv Nair, Member Mr. Naveen Duggal, Member Ms. Nitika Dalmia, Secretary to the Committee
Investment, Borrowing and Administrative Committee	:	Mr. Harsh Mariwala, Chairman Mr. Rajiv Nair, Member Mr. Naveen Duggal, Member Ms. Nitika Dalmia, Secretary to the Committee
Corporate Social Responsibility Committee	:	Mr. Harsh Mariwala, Chairman Mr. B. S. Nagesh, Member Mr. Rajendra Mariwala, Member Ms. Nitika Dalmia, Secretary to the Committee
Auditors	:	B S R & Co. LLP, Chartered Accountants
Internal Auditors	:	Ernst & Young LLP
Bankers	:	CITI Bank HDFC Bank ICICI Bank Kotak Mahindra Bank Limited Standard Chartered Bank State Bank of India YES Bank
Registered Office:	:	23/C, Mahal Industrial Estate, Mahakali Caves Road, Near Paperbox Lane, Andheri (East), Mumbai – 400093
Website	:	www.kaya.in

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CHAIRMAN'S STATEMENT

Dear Shareholders,

Your Company has been a pioneer in the space of aesthetic dermatology-backed solutions in India & Middle East. Over the past 15 years, your Company has been fast-evolving to meet the changing needs of the consumers.

The Financial Year 18, was a year for many changes in the India business with a higher focus on profitability metrics and the business saw a significant improvement in Gross Contribution Margin.

In 2017-18, your Company embarked on a re-branding exercise in India, from Kaya **Skin Clinic to Kaya Clinic** to broad-base its relevance among the Indian consumers. We believe that with this re-branding your Company is poised to expand its relevance from skin care to include hair care and other relevant spaces in the future. To reflect the new branding, and also to deliver a world-class consumer-experience, your Company has introduced a new retail identity, across 20 clinics in India. Each touch-point in these 20 clinics has been designed to wow the consumer and elevate the brand experience for the new-age consumer. These clinics set new standards in customer care, comfort & experience.

Kaya Hair is an exciting opportunity to grow its share of the consumer's wallet in India, from participating just in the consumer's skin care spends to now skin care and hair care. Kaya India has entered the hair care category in H2 of 2016-17 with a wide portfolio of advanced solutions spanning various hair care needs like hair loss, hair thinning, limp and dull hair, and dandruff.

We have seen a wide base of customers highly satisfied with our hair loss solutions and this augurs well for the future growth of the category. The new Root Regen range of retail products have been received very well and is poised to be a significant contributor to the business in India.

A key objective in 2017-18 was to expand the access of the brand, though wide availability of its Kaya retail products in India. Today, Kaya products are available in over 130 retail outlets across major departmental stores like Shopper Stop, Lifestyle, Central, Health & Glow and New U. To also cater to the fast-growing omni-channel customer, Kaya retails through key partners like Nykaa, Amazon, Jabong and Myntra apart from its own portal shop.kaya. This ecommerce business is growing by 67% YoY and contributes to 22% of the retail products business.

In the last year, your Company won the "Retailer of the year" in the Beauty, Wellness and Fitness category by ET NOW and many more accolades recognizing our efforts in our people practices and marketing areas.

Your Company in the Middle East continues to be the leading brand in specialized skin care with a growing foothold in the region. Over the last 15 years, Kaya Middle East has grown to offer its unique experience across 24 clinics covering the UAE, Oman, KSA and Kuwait.

Your Company's Middle East's growth last year was affected by the uncertainties surrounding the Middle East economy. Like most other businesses, your Company's also had a setback in the year, after years of consistent performance. However, the strength of our offerings and brand was reflected in the consistently growing ticket size (value per customer) in our business, which signifies the higher value in our offerings, that the customer perceives from us, in spite of the pressure on spending.

Your Company is a strong, resilient brand in the Middle East, proven over time, and therefore, we see it as a temporary setback. We have been working on investing time and money towards some huge initiatives / changes, which will help our business tide against the worst of times in the future, and probably, shape the future of this category, like your Company has always done.

In 2017, your Company in the Middle East unveiled an all-new experience – with its new Brand Identity, in the first clinic in BurJuman Mall, one of Dubai's premier leisure and shopping destinations. A project which took more than a year, with extensive research with our customers and employees, yielded a positioning and identity, which we believe, will put the business in a new orbit in time to come. The new clinic heralds what could be called "Skin Clinic 2.0". It represents the evolution of a skin clinic experience into something that will set the benchmark for time to come. This work can be seen through our newly launched website in the Middle East – www.kayaskinclinic.com.

Innovations have been one of the core pillars of this category, and at Kaya, we have always put this in the forefront of our initiatives. Last year, in Middle East, we had launched some winning innovations, the biggest being the successful prototype of our 'Body Contouring Solutions', which is planned to be scaled up across the region in 2018. It's a unique approach to Body Contouring, combining the best of solutions designed uniquely in-house, to offer a differentiated and efficacious treatment. It opens up a new category for us, the focus being our own existing loyal clients, taking treatments in Skin.

Our focus in the Middle East continues to be to add more clinics in the GCC region, organically and inorganically, where we see synergies with customers and offerings. In 2017-18, we expanded our footprint with two new clinics, in Barsha Heights, Dubai and Muscat City Centre, Muscat. Both these clinics were in the new identity and have been receiving an overwhelming response from our customers. We continue to lead the network in the category with this expansion.

Kaya is the only brand in the category in Middle East, to receive SUPERBRAND status, and that too 8 years in a row, from 2010 to 2017.

I look forward to the coming year, we will be doing business with even greater devotion to you and our customers.

Harsh Mariwala
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

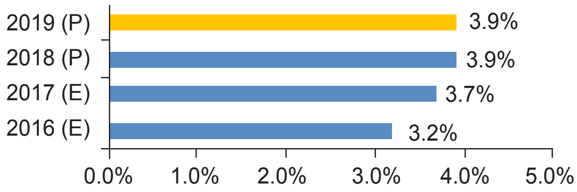
Introduction

Kaya Limited ('Kaya' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries operates on Dermatology-based Skin Care & Hair Care solutions in India, and through its subsidiary / Joint ventures in Middle East region. The Kaya Business principally comprises advanced skin care and hair care services and retail products under the brand name of Kaya in India and Middle East.

ECONOMIC OVERVIEW:

Global:

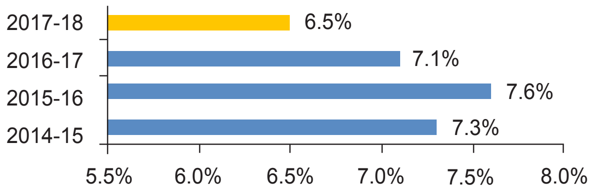
The financial year 2017-18 has been favourable for the global economy with broad-based and synchronised growth across most countries. While the developed economies of the USA and Europe witnessed further consolidation, pushing the global GDP growth rate to 3.7%, the emerging economies exhibited resilience, benefitting from global trade and the rebound in the commodity prices. Global inflation stayed within control and at relatively modest levels, though some key central banks, including the US Fed, tightened policy rates to sustain robustness in investments and induce industrial activity and international trade. The global economy is on a synchronous upswing for the first time since the global financial crisis. All major economies enjoyed economic growth last year and are expected to continue to expand throughout the 2018–2022 forecast period. The Global Business Policy Council projects that growth will accelerate from 3.7 percent in 2017 to 3.9 percent this year, and it will average 3.9 percent growth annually through 2022.



Source: International Monetary Fund (IMF) E: Estimate/P: Projection

India:

India had emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). India is expected to be one of the top three economies in the world, over the next 10-15 years, backed by its strong democracy and partnerships and is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behavior and expenditure pattern, according to a Boston Consulting Group (BCG) report. FY 2017-18 has been a watershed year in the domestic economy with the Government of India effecting a unified tax regime, Goods and Service Tax (GST) from July 2017. The implementation of GST will create a single marketplace, enabling supply chain efficiencies over the long term. However, the first year of its implementation, as anticipated, witnessed disruptions in supply chain, working capital constraints and greater compliance responsibility. Consumer sentiments were subdued for most of the financial year. While the economy witnessed a revival in activity in the second half, the overall annual growth stood at 6.5% for FY 2017-18, lower than 7.1% for FY 2016-17.



Source: Central Statistics Office (CSO)

An increase in the stressed assets of the banking sector impacted the industrial sector with the cost of credit going up significantly. Rise in crude oil prices and shortfall in government revenues led to widening fiscal deficit with the Central Government missing the deficit target for FY 2017-18. Although all these pressures worsened the macroeconomic conditions, there were some noteworthy positives which offer hope for revival in economic growth. The Government firmly pushed ahead of its reform agenda with substantial movement on GST, the Indian Bankruptcy Code and implementation of Real Estate Regulations (RERA), among others. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy. Taking note of these developments Moody's raised India's rating from the lowest investment grade of Baa3 to Baa2 and then changed the outlook from stable to positive in November 2017.This was India's first rating upgrade in 14 years.

INDUSTRY OVERVIEW :

Services:

The overall market for beauty services is pegged at ₹ 16,422 cr spanning salon-based beauty services and cosmetic treatments. Cosmetic treatments comprise of 20% of this category and is fast growing. India, today, ranks 4th globally, in non-surgical procedures.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

These cosmetic treatments span skin care (around 60% of the market) and hair care, largest categories being laser hair removal, pigmentation and hair restoration. These treatments are retailed across stand-alone dermatologists and clinic-chains like Kaya.

Even though the market is highly fragmented with stand-alone dermatologists being the largest channel, customers are increasingly preferring expertise-led solutions provided by organized brands and clinic-chains.

The North and the West are the key markets in this space, though smaller markets in south and east are fast-growing.

Pricing will be a key factor to expand the category in the Indian context.

Kaya is a market-leader in the cosmetic treatments space with regional competition across India.

Products:

The Skin care retail products market in India grew by 7% in current value terms in 2017-18, to reach ₹ 11,390 cr. Facial care retail products account for 89% of this size and the sales of facial care products, especially moisturizers, were driven by the demand for skin whitening and brightening creams. Conversely, facial cleansers and masks witnessed robust growth due to rising social media awareness; Instagram trends and selfie appeal resulted in the increased adoption of such products, especially amongst urban consumers.

Hair care retail products market saw a value growth of 8% in 2017-18, to reach ₹ 20,860 cr. Conditioners and treatments remains the biggest category within hair care.

Key Trends:

- The growing youth and working population have become more fashion- and beauty-conscious over time, especially with the influence of global media delivered through the internet
- With rising disposable incomes, these consumers are increasingly transitioning from traditional solutions to customized and advanced solutions that suit their skin type. Consumers are also increasingly aware of the lasting nature of benefits that cosmetic treatments bring as opposed to superficial solutions
- Word-of-mouth is the primary driver of dermatologist and brand choice in the category. Convenience (outlet proximity), Hygiene, Safety and Quality are other key drivers of choice
- Digital has emerged as a key medium in this category. Be it social media platforms like Instagram or Beauty bloggers sharing their experiences with their base, beauty content consumption, especially video-led, has shot up
- Ecommerce in the beauty retail-products space is fast growing. While colour-cosmetics has been a lead category, skin care and hair care retail products are also fast growing and emerging as key categories

Middle East

GCC Economic Overview:

Economic growth in the Gulf region is set to improve next year, after two difficult years of low oil prices and government austerity measures. It is predicted (Oxford Economics) that in 2018, the six members of the Gulf Cooperation Council (GCC) will grow by 2.7 percent, compared to just 0.3 percent in 2017.This is the fastest expansion in three years and comes on the back of rising oil prices, helping to ease government austerity measures put in place over the last few years. In a breakdown of individual GCC countries, Oman will lead the way with 5 percent growth next year, compared to 0.2 percent in 2017. The United Arab Emirates (UAE) is likely to see 3.3 percent growth, up from 1.7 percent this year. Qatar, which has been the focus of an economic and political boycott by GCC neighbours Bahrain, the UAE and Saudi Arabia, is predicted to grow by 3.1 percent, compared to 1.3 percent in 2017. Similarly, Saudi Arabia will grow by 2 percent next year, after a decline of 0.3 percent in 2017. Kuwait’s economy is also forecast to grow by 2.4 percent, following a decline of 1.7 percent in 2017.

Despite the upbeat outlook, there are some potential geopolitical risks in the region, which could undermine growth in 2018, such as the increased tensions between Saudi Arabia and Iran, the ongoing GCC dispute with Qatar, the anti-corruption crackdown in Saudi Arabia and the resignation of the government in Kuwait in October 2017.

UAE Economic Outlook & Trends

Beyond 2017, overall GDP growth is expected to recover to 2.5% in 2018. Oil production capacity is expected to increase and the strength of the non-oil economy will boost prospects particularly later in the forecast period as megaproject implementation ramps up ahead of Dubai’s hosting of Expo 2020 — expected to draw in 25 million visitors, boosting private consumption and services exports. The non-oil part of the UAE economy is expected to grow 3 percent this year, up from 2.7 percent last year. Dubai announced record spending of 56.6 billion UAE dirhams ($15.6 billions) for 2018, with much of it being spent on infrastructure development ahead of the emirate's hosting of the World Expo 2020 (Khaleej Times). The UAE (second largest Arab economy after Saudi Arabia) introduced VAT in January 2018 to narrow fiscal deficits that had widened over the last couple of years as oil prices fell from $115 per barrel in 2014 to just under $30 in the beginning of 2016. This is the first consumer tax ever introduced in the country. The price increases along with low consumer confidence impacted consumer spending in the first two months. The annual inflation rate jumped to 4.8 per cent - its highest level since 2015.

KSA Economic Outlook & Trends

The recent rise in oil prices, which are currently trading at levels last seen over three years ago, is allowing Saudi authorities to increase spending, particularly to fund social benefits and military outlays. Moreover, higher oil prices are boosting international reserves, which hit an over one-year high in April. While the oil sector appears to be recovering, the non-hydrocarbon economy is slowing markedly this year. The implementation of the value added tax in January disrupted economic activity in Q4 FY 18, while delayed payments to businesses are causing financial strain in some companies, particularly in the construction sector. The year 2017-18 was transformational for the Kingdom of Saudi Arabia, with a series of initiatives designed to improve gender equality, promote economic diversification, root out corruption and make it more open and attractive to visitors. The women of Saudi Arabia have entered 2018 with hope unlike ever before, for now they will be allowed greater freedom – like playing sports in public, driving & going to the cinemas. These efforts to bring gender parity are among a series of sweeping social and economic changes being orchestrated by the young Crown Prince Mohammed bin Salman, to bring Saudi Arabia into a global leadership role in the 21st century. Equally far-reaching are efforts to open up the Kingdom to outsiders, by offering tourist visas for foreigners, from this year, and creating facilities to promote the country as a tourist destination. The Red Sea project, which aims to offer an unparalleled tourist destination, will be developed along with leading global hospitality firms and will not be subject to the Kingdom's conservative rules.

Industry Overview (Middle East) :

Overall beauty and personal care posted slower current value growth in 2017 compared with in the previous year, as competition remained intensive, commercial rents along with the overall cost of doing business remained high and consumer confidence remained lukewarm. Despite these factors, many offers and promotions continued to be available to encourage consumers to shop throughout the year. Tough market conditions and reduced consumer confidence has shrunk the skin care services market with clients being a lot more considerate before spending. This has put a lot of pressure on the smaller players that do not have the ability to hold out the costs to continue operating. This is reflected in an increase in the number mergers & acquisitions across the category, shut down of smaller players, heavy price reductions to drive footfalls as well as the inability to pay salaries. In these market conditions, it becomes imperative for a brand like Kaya to increase the value proposition to customers, to compete against the price players. The repositioning and rebranding of Kaya in Middle East, and the shift in our business strategy to strengthen our medical offerings, helped the brand grow the value to the customer, and in return get higher value in spite of a tightened market.

Skin Care in GCC (Middle East) :

GCC is one of the highest penetrated markets in the world when it comes to Skin Care products and services (Estimates). Given the high incomes, cultural sensitivities, and high affinity towards European and American trends, the category of Skin Care Services in GCC is one of the most evolved in the world. The demand for the latest and the best, combined with a high propensity to pay, brings to the market very advanced and the best technologies/machines/products from across the world. Saudi Arabia stands at top in the hierarchy, followed by UAE, Kuwait, Qatar and Oman.

The skin in gulf starts experiencing such services at an early age, and therefore, the demand for quicker and innovative solutions continues to grow rapidly.

Market Size and Potential (Middle East) :

As per Euromonitor, UAE skin care products market is estimated around $150mn and KSA skin care products market is estimated around $600mn. These are expected to grow at 5% CAGR in the next few years. The UAE skin care services market is estimated anywhere around $250mn - $400mn, with a penetration of around 27%, while KSA Skin Care Services market is estimated anywhere around $400mn - @450mn with a penetration of around 19%. This is projected to grow at around 20% CAGR in the next few years, much faster than the Skin Care Products market, as more and more customers start their skin care journey through clinics and end at products.

Market Players (Middle East) :

There are not many skin clinic chains across the region. Our main competition comes from reputed dermatologists owned clinics, and hospital chains. These clinics operate with high quality and ambience and tend to pull clients in most cases, with the reputation of the owner dermatologist. They tend to be perceived as more personal and trustworthy to their clients, since most of their business comes from word of mouth and recommendations. However, since they are owned and managed by dermatologists, who are mostly practicing themselves, they are limited in their scope to expand professionally, probably the reason why we haven't seen many chains coming up in the last many years. Collectively, all these individual dermatologists clinics do give us an intense competition.

Over time our competition has intensified rapidly. Today in UAE there are over 500 dermatology centers, and 600+ dermatologists; and in KSA, more than 500 dermatology centers and more than 800 dermatologists in just 3 main cities.

Over time, our competition is increasing its focus on spread of services, with Botox, Fillers and peels growing rapidly in contributions, and thus reducing the share of Laser Hair Removal in the business. Laser Hair Removal is a highly penetrated category, which is leading to intense price competition in the market, bringing down price tables given negligible consumables cost in the service. In Saudi Arabia, which is the most competitive market for us, the price of a full body laser session operates almost half of what it is in UAE

BUSINESS OVERVIEW AND GROWTH DRIVERS:

India

A pioneer in the dermatology space, Kaya's has been offering customized solutions delivered through its expert dermatologists across its 100 clinics, with advanced solutions including state-of-art medical technology. The company has always been in the forefront of introducing the latest and effective technology-backed solutions to the Indian consumer. Over the recent past, the Kaya portfolio has spanned across skin care and hair care and also includes a wide range of retail products. Our prime objective is to become the leading player in the specialty skin care market in India and Middle East.

From Kaya Skin Clinic to Kaya Clinic

With the recent expansion to Hair care, Kaya has re-branded its clinic to Kaya Clinic to reflect the new reality. This re-branding reflects across the new retail identity and also its digital assets. We believe that with this re-branding Kaya is poised to expand its relevance from skin care to include hair care and other relevant spaces.

New world-class retail experience

To reflect the new branding, Kaya Clinic, and also to deliver a world-class consumer-experience, Kaya has conceptualised and executed a new retail identity across 20 clinics. Each touch-point in these 20 clinics has been designed to wow the consumer and elevate the brand experience for the new-age consumer.


Grand Facade


Plush Interior

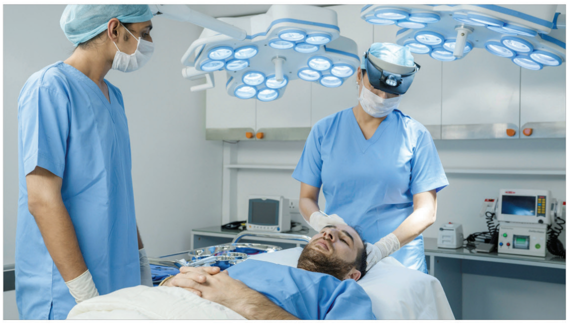

State-of-the-art Service Room

Kaya Hair

Kaya Hair is an opportunity to grow its share of wallet of the consumer, from participating in the consumer's skin care spends to now skin care and hair care. Kaya has entered the hair care category in H2 of 2016-17 with a wide portfolio of advanced solutions spanning various hair care needs like hair loss, hair thinning, limp and dull hair, and dandruff.

Kaya Hair solutions are designed on a holistic approach that works on all three dimensions of hair - the Scalp, Root and Shaft. The Kaya Hair portfolio spans the entire spectrum, from advanced dermatological solutions to our hair health-boost system, for both men and women. Our hair transplant solutions for advanced hair loss is now available across Delhi, Mumbai and Bangalore, led by experienced dermato-surgeons.

We have seen a wide base of customers highly satisfied with our hair loss solutions and this augurs well for the future growth of the category.



World Class Infrastructure

Personalized Consultation

Innovations

Kaya has been expanding the bouquet of technologies across its clinics in the endeavour to provide easier access to world-class solutions. We have been continually investing in advanced machines that deliver efficacious solutions with the highest safety standards with this objective.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Kaya has introduced and scaled-up three key innovations in 2017; Natural rejuvenation with PRP; Insta-Skin Brilliance and the Root Regen range of retail products. Natural rejuvenation with PRP is an advanced solution in the regenerative space and delivers highly effective solutions naturally. Indian consumers are increasingly looking at natural solutions and we have seen a high demand for this solution since launch and scale-up. This advanced solution delivered by our expert dermatologists addresses skin rejuvenation, hair loss and scars.

Insta-skin Brilliance is a technology-led laser-toning solution that delivers on even-toned and brighter skin. This solution has seen high demand from consumers seeking an instant and lasting results. It is widely relevant for working executives, brides-to-be and ageing skin.

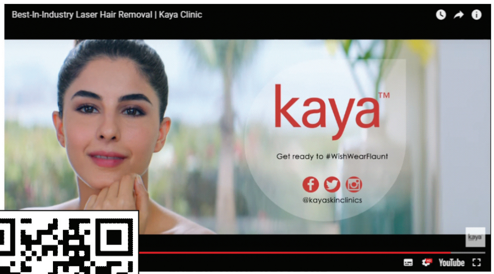
Kaya Root Regen range of retail products is a 4-step hair loss regime formulated with superfoods like macadamia, olive, basil, sugarcane, apple and lemon designed by our dermatologists. It is a paraben-free range and delivers on 30% damage reversal and hair fall reduction in 2 weeks. The range has been quick to become popular and enjoys high repeat rate among its customer base.

Ecommerce

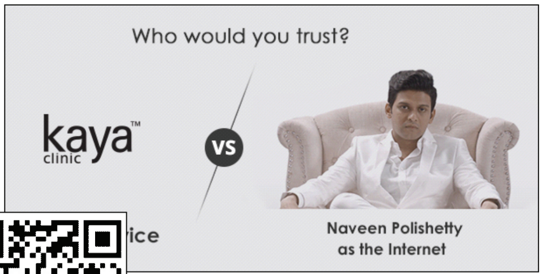
To cater to the fast-growing omni-channel customer, Kaya retails through key partners like Nykaa, Amazon, Jabong and Myntra apart from its own portal shop.kaya. From a 13% contribution to the total retail products business in 2016, Kaya ecommerce in 2017 contributes to 22% and is growing by 67% YoY. With enhanced content, consumer-education videos and co-marketing programs, Kaya has been investing in this space with rich dividends.

Digital and Social media marketing

Digital is a key medium for Kaya, playing a key role in advertising, consumer-engagement and consumer-advocacy (to boost word-of-mouth). While digital performance-marketing is an important source of lead-generation, social media platforms like Instagram has emerged as a key medium to engage with followers and influencers. Kaya has invested in video-led campaigns that have helped reach out to and engage with a wide base of consumers, especially the youth. Kaya has also won various awards for content-marketing and integrated digital campaigns in 2017.



#WishWearFlaunt
Laser Hair Removal Campaign
Scan QR to watch video



#HelloHair
Hair Care campaign highlighting Kaya's expertise
Scan QR to watch video

Integrated Digital Marketing campaigns run across Google

Loyalty, CRM & Analytics

Kaya launched its customer-lifecycle-management program (CLM) in 2016 and over 2017 added various modules to further drive customer-engagement and grow customer-lifetime-value (CLTV). The framework of the program is journey-based and engages with each customer depending on her/ his stage in lifecycle at Kaya. It has made the program very relevant and thus more engaging for the Kaya customer. The program is also powered by analytical-models developed basis past consumer behaviour, for eg : Churn model predicts likely churn and engages with the customer at that point in time in a relevant fashion. These efforts have helped boost customer retention, visit and purchase frequency. The program has been recognised at an international forum, by Loyalty Magazine UK award, with Kaya becoming a finalist in three categories.

Expanding retail presence

Kaya's wide range of retail products like the Daily Essentials, Acne solutions, Lightening and Brightening, Sun care, Anti-aging and Hair loss, Hair volumizing and Dandruff are retailed across our clinics and over 130 retail outlets across major departmental stores like Shopper Stop, Lifestyle, Central, Health & Glow and New U. This is a fast-growing business and helps to grow accessibility of the brand among the offline beauty-shoppers.

Middle East

Kaya Skin Clinic – The Journey - Middle East

With a mission to deliver world class skin care in the Middle East, Kaya Skin Clinic arrived in the UAE, in the summer of 2003. It was a single clinic in Dubai, but it opened the doors to a whole new approach that blends dermatological expertise, a refined sense of aesthetics and a culture of caring. 2018 marks 15 years of Kaya's leading presence in the Middle East region. With a growing portfolio of comprehensive aesthetic skin care, Kaya has grown to offer its unique experience across 24 clinics covering the UAE, Oman, KSA and Kuwait. Catering to over 250,000 customers in the region, with a 300+ strong team of over 16 nationalities and the largest pool of dermatologists – 30 and growing. Kaya is the only brand in the category to receive SUPERBRAND status, and that too 8 years in a row, from 2010 to 2017. Our differentiated strategy and value proposition, our high focus on customer quality, our thought leadership in marketing, differentiated employee culture, and a very professional organization support structure and processes are what differentiate us from this market.

Our growth last year tapered off from the previous years, affected by the uncertainties surrounding the economy, slowing it down, and reducing consumer spending and confidence. Like most other businesses, we had a setback in the year, after years of good performance. We faced pressure on the client flow, competing against the desperate price drops in the market. However, the strength of our

offerings and brand was reflected in the growing ticket size in our business, which signifies the higher value in our offerings, that the customer perceived from us, in spite of the pressure on spending.

Kaya is a strong, resilient brand in the Middle East, proven over time, and therefore, we see it as a temporary setback. We have been working on investing time and money towards some huge initiatives/changes, which will help our business tide against the worst of times in the future, and probably, shape the future of this category, like Kaya has always done.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

New Brand Identity & Positioning

Since the launch of the brand in 2003, Kaya has been consistent to its brand positioning & identity, adopted from India in 2003. However, the market in Middle East has rapidly evolved, with a penetration of the category now, very close to that of matured markets like US and Europe. The market has not only grown disproportionately in size and number of clinics but has also hugely evolved in the standards of service, ambience, expertise, and customer expectations, leaving little scope for differentiation. We therefore, felt a need to re-define the brand, to reaffirm our position in the market, to relook at what will make us keep winning in the current market scenario, to continue to stand ahead of others in the category.

In 2017 Kaya Skin Clinic, Middle East unveiled an all-new experience – with its new Brand Identity in the first clinic in BurJuman Mall, one of Dubai's premier leisure and shopping destinations. Today, Kaya has 3 clinics in the region (2 in Dubai and 1 in Muscat) in this new identity, with more planned in the coming year. The new clinic heralds what could be called "Skin Clinic 2.0". It represents the evolution of a skin clinic experience into something that will set the benchmark for time to come.

The new identity stemmed from the brand's quest to understand what goes into making a customer feel truly beautiful. The exercise focused on a crucial question: how could a clinic feel less like a clinic, even as rapidly advancing technology and a growing spectrum of offerings make it more of one. At the heart of it all is a key learning: what customers desire most in a clinic is an experience that is all about them. Every moment, every element must feel special, designed for them, to make them look good and feel great. An experience where science meets beauty. With the launch of the new identity clinic, the brand unveiled a new redefined 'Skin Clinic' but also a vibrant new 'Kaya', which will continue to lead the industry in the region as it always has.

Facade

Reception

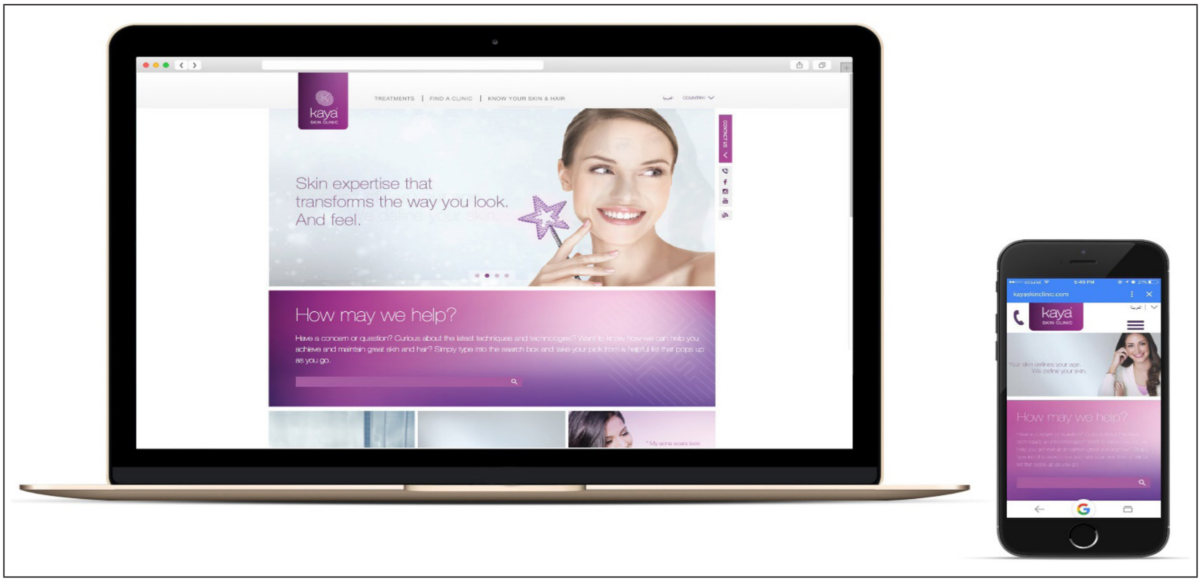

Service Room

The new brand marque & Color

Kaya brings together science and beauty. This exciting connect is semiotically expressed through the brand's new Marque. Inspired by the thumb print which signals the personalization of skin care, the multiple lines that make up the marque represent the scientific core - the best dermatological expertise, which Kaya has always stood for. On closer examination, the letter "K" reveals itself, representing the hidden potential that Kaya brings out through its personalized offerings. The colour palette has been completely re-envisioned to speak of vitality (the brand's raison d'être) and to facilitate its expression in ever-evolving ways.

The all-new website: kayaskinclinic.com

Skin care can be a complex subject, and the volume of information available online can be confusing. Now what if the region's leading skin clinic were to make it all really simple to navigate and easy to understand? Two clicks are all it takes to access whatever one could conceivably need on Kaya's all-new website. Understand the science behind a skin condition and how we treat it. Learn about the techniques we use and the technology behind each one. Find authentic, reliable information on any skin or hair related topic. Meet Kaya's dermatologists. Find a clinic. Go from looking up to booking a consultation. All in two easy clicks on the uniquely simple and intuitive new Kaya website.



The All New Kaya – What future holds

We have received overwhelming response from our customers, industry and employees on the new identity, which is already reflecting in the disproportionate growth and ramp ups in our 3 new identity clinics in Dubai & Muscat. Everything points to this change as a game changer in the category in the Middle East, which could redefine the brand and its presence in the long run. Since it requires a huge investment, we are moving ahead cautiously, but plan to implement the same in all our existing clinics in the region, in time to come.

Innovations (Middle East):

Innovation is one of the core pillars of this category, and at Kaya Middle East, we have always put this in the forefront of our initiatives. We work with the best suppliers and manufacturers in the category, to identity technologies at an early stage, test them internally with our Medical R&D team, and reach the market quickly and with a differentiated offering.

Last year, we have had some winning concepts, the biggest being the successful prototype of our ‘Body Contouring Solutions’, which is planned to be scaled up across the region in 2018. It’s a unique approach to Body Contouring, combining the best of solutions designed uniquely in-house, to offer a differentiated and efficacious treatment. It opens up a new category for us, the focus being our own existing loyal clients, taking treatments in Skin. The two other major launches, in the year were in the areas of ‘Sweat Free’ and ‘Skin Tightening’ Both these launches were also scaled up in the same year, with investment paying back within 6 months. ‘Sweat Free’ treatment uses a technology, which is the only USFDA approved technology to permanently remove sweat and odor from underarms. Overall, the newly launched services contributed almost 20% to the year revenues

For 2018, we have been working on a promising pipeline, which includes re-launch of our ‘Hair’ portfolio, with many additional offering, launch of ‘Aesthetic Gynecology’, one of the fastest growing trends in the category in US & Europe, new diagnostic tools to strengthen and value add to our consultations, and scaling up the proven Body Contouring Solutions

Expansion of Network (Middle East):

Kaya has been the leading network of skin clinics in the Middle East for years now. In 2017-18, we expanded our footprint with two new clinics, in Barsha Heights, Dubai and Muscat City Centre, Muscat. Both these clinics were in the new identity and have surpassed expectations on client flow and revenues. Given their strong growths, these clinics hold good opportunities for us in the coming year. With these, now we have 24 clinics in 4 countries in GCC. In the year to come, we plan to focus on relocating some of our old clinics to better locations in the vicinity and implementing the new identity in them.

Digital Marketing (Middle East):

Kaya’s journey in Digital Marketing has seen a tremendous evolution in the last 10 years. More than 40% of our ASP is now spent on Digital, yielding around 30% of our new client base every year. With the launch of new identity, new website, and 800kaya, 2017-18 has seen one of the best growths in our output from Digital. Being in a market with one of the highest penetrations and usage of smartphones in the world, this is a huge asset for Kaya, and will continue to be a strong advantage in the category.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

INTERNAL CONTROLS @ KAYA

Kaya has established system of Internal Controls to ensure that all assets are safeguarded and protected. Further, it has processes in place to ensure that all transactions are evaluated, authorized, recorded and reported accurately.

Company has also put in place an extensive budgetary control review mechanism whereby the management regularly reviews actual performance in comparison to forecasts to identify any market trends or shortcomings in service offerings. The system is designed to adequately ensure that financial and other records are accurate and reliable for preparing financial information and other data. The internal control procedures are augmented by an extensive program of internal, external audits and periodic reviews by the management.

HUMAN RESOURCES @ KAYA

Kaya, along with its subsidiaries, has total workforce strength of over 1200 employees across 103 clinics and over 151 skin bars in India and over 24 clinics in the middle-east. The company is also associated with over 180+ Dermatologists across the chain in India and Middle East.

We at Kaya believe that organisation's do not achieve a sustainable competitive advantage when ordinary individuals are nurtured, engaged and equipped to perform extraordinarily. We have a well-defined career management path for every role/level at Kaya keeping in mind the member aspirations and organisation's needs enabling members to grow with us. Our focus is not only to develop the high potential members of our organisation but also elevate the competencies of apparent moderate and low potential members as we believe every member has innate potential which must be unleashed. Apart from customised development plans, we do this by acknowledging the effort of our members and rewarding them for individual, team and organisations performance from time to time for we believe that happy members are the most productive.

Our workforce boasts of diversity which is unheard of in retail. Over 85% of our workforce consists of women with around 33% of women occupying a seat at the table, contributing every day to Kaya's strategic decisions.

Kaya is a pioneer in the industry and we believe in leading the way in people practices too. From a one month cooling off period to facilitate a smooth assimilation for every new joinee, to inhouse counselling facilities to safeguard our members mental health. We aim to give our members an environment conducive to enjoy their work. We also believe in continuous learning & design on going interactions with teams at all levels to drive excellence. We believe in being happiness mascots for our people and engage in employee surveys to understand the pulse of our members. Through these surveys we then plan our actions for the year, reaffirming their belief in us. Together, our united efforts, every day in every way, make Kaya a Great Place to Work.

Kaya was once again certified as "Great Place to Work – 2017"

PERFORMANCE OVERVIEW - KAYA GROUP

Kaya is engaged in the business of providing skincare solutions through Kaya skin clinics in India and Middle East. The company is focused on building a profitable business that not only provides great value to its customers but also to its shareholders. The company has undertaken numerous initiatives to boost overall growth. In FY 18 Kaya achieved a gross retail turnover of ₹ 400.4 crores, decline of 2% on consolidated basis.

Bringing back our strategic intent to broaden our offerings in these areas, Kaya has been relentlessly investing in advanced skin care technologies to reinforce its commitment of offering cutting-edge skin care solutions to consumers. Over the past 1 year, Kaya scaled-up advanced technologies in the field of Hair care (including Hair Transplant), Anti Ageing, Acne, Pigmentation & Hair free to widen the service offerings.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Consolidated Financial Summary

Balance Sheet

Particulars (₹ in Lakhs)	31 March 2018	31 March 2017
Equity capital & liabilities		
Share Capital	1,303	1,302
Reserves and Surplus	19,721	21,560
Minority Interest	160	151
Borrowings & Provisions	2,280	2,487
Total	**23,465**	**25,500**
Assets		
Fixed Assets (Net)	9,836	9,365
Goodwill on consolidation	10,387	10,082
Deferred tax assets (net)	2,107	2,069
Current Investments	2,008	7,173
Net Working Capital	(873)	(3,189)
Total	**23,465**	**25,500**

Profit and Loss Statement

Particulars (₹ in Lakhs)	Kaya India		Kaya Middle East		Kaya Group	
	FY 18	FY 17	FY 18	FY 17	FY 18	FY 17
Collection	23,208	22,648	21,313	20,578	44,522	43,226
Net Revenue	**20,120**	**19,404**	**19,918**	**21,502**	**40,038**	**40,907**
EBIDTA	-1,006	-1,943	613	-236	-393	-2,179
% to NR	**-5%**	**-10%**	**3%**	**-1%**	**-1%**	**-5%**
Operating Margin	-2,330	-3,012	-640	-1,208	-2,970	-4,220
% to NR	**-12%**	**-16%**	**-3%**	**-6%**	**-7%**	**-10%**
Other Income	95	95	95	112	191	208
Business PAT	-1,350	-1,564	-667	-1,306	-2,017	-2,870
% to NR	**-7%**	**-8%**	**-3%**	**-6%**	**-5%**	**-7%**
Minority Share	0	0	137	65	137	65
Exceptional Items/Consol adj	0	0	0	0	0	0
PAT post Exception	-1,350	-1,564	-804	-1,370	-2,154	-2,935
% to NR	-7%	-8%	-4%	-6%	-5%	-7%

(Exchange Rate: FY 18 - 1 AED = ₹ 17.63; FY 17 – 1 AED = ₹ 18.19)

Revenues:

Net Revenue at ₹400.4 crores, a decline of 2% over FY 17. India business grew by 4% and Middle East business declined by 7%.

During FY 2017, 103 clinics and 151 touch points (comprising of COCO, MT & SIS) were in operation in India. Kaya has added 1 clinic in Middle East and in total 24 clinics were in operation in Middle East.

Cost of Goods Sold (COGS):

Cost of goods sold includes Cost of materials consumed, Purchases of stock-in-trade, changes in inventories of finished goods, work-in-process and stock-in-trade, Consumption of consumables and stores and spare parts as well as Contract manufacturing expenses.

COGS on consolidated basis declined by 6% over FY 17 on account of indigenisation of purchases and rationalisation of other related costs . The absolute cost has increased to ₹74.5 crores (19% of Net Revenue) in FY 18 as against ₹79.1 crores (19% of Net Revenue) in FY 17.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Kaya India's COGS has decreased by 9% on account of indigenisation to 22% of NR as against 25% LY, leading to improvement in Gross Margins by 300 basis points. Kaya Middle east's COGS has increase by 100 basis points at 15% of Net Revenue in FY 18 as compared to 14% in FY 17.

Employee Cost:

Employee cost includes cost of employee at the clinic servicing the customers as well as staff at the corporate office. This cost at Group level at ₹151.78 crores (38% of Net revenue) has declined by 15% as compared to ₹177.65 crores (43% of Net Revenue) in FY 17. This decrease was majorly on account of ESOP Settlement done in FY 17. Kaya India's Employee costs at ₹54.25 crores have increased by 1% on account of annual compensation revision. Kaya Middle east's Employee costs at ₹97.52 crores has decreased by 21% as compared to LY on account of ESOP settlement in FY 17.

Rentals:

Rental costs at consolidate levels ₹54.50 crores (14% of Net Revenue) has increased by 4% as compared to ₹52.45 crores (13% of Net Revenue) in FY 17. Kaya India rental costs increased by 2% to ₹35.46 crores (18% of Net Revenue). The growth in rent was low on account of closure of clinics and COCO stores during the year. Kaya Middle east rental costs at ₹19.04 crores (10% of Net Revenue) has seen an increase of 7% majorly on account of Expansions and renewals of existing clinics.

Advertisement Sales and Promotion:

Cost of advertisement at Group level declined by 1% to ₹ 28.23 crores (7% of Net Revenue) in FY 18 as compared to ₹ 28.43 crores (7% of Net Revenue) in FY 17. Kaya India advertisement costs at ₹17.68 crores (9% of Net Revenue) has grew by 5% in FY 18 on account of launch of new line of services and products being added during the year. Kaya Middle East Advertisement cost at ₹10.54 crores (5% of Net Revenue) has decreased by 9% in FY 18.

Other operative expenses:

Other expenses majorly include overheads like Doctor professional charges, electricity, repairs and maintenance, insurance, travel, rates and taxes etc. The same at consolidated level has grew by 3% to ₹ 95.85 crores (24% of Net Revenue) in FY 18 as compared to ₹ 92.22 crores (23% of Net Revenue) in FY 17.

Earnings before interest, tax and depreciation (EBIDTA):

During FY 18, Kaya Group registered operating EBIDTA of ₹ (0.5) crores as compared to ₹ (21.80) crores in FY 17.

Kaya India recorded EBIDTA of ₹ (6.7) crores (-3 % of Net Revenue), compared to ₹ (19.4) crores (-10 % of Net Revenue) of LY.

Kaya Middle east registered EBIDTA of ₹ 6.2 crores (3% of Net Revenue) as compared to ₹ (2.4) crores (1% of Net Revenue) in FY 17.

Depreciation & Amortization:

Depreciation & amortization expense at Group level increased to ₹ 24.30 crores (6% of Net Revenue) during FY 18, as compared to ₹ 20.04 crores (5% of Net Revenue) during FY 17, increase of 21% over FY 17. The increase is on account of new Medical technology investments in existing clinics as well as new clinics in Middle East.

Earnings before Interests and Taxes (EBIT):

Operating Margin of ₹ (24.8) crores (-6% of Net Revenue) as compared to ₹ (41.8) crores (-10% of Net Revenue) in FY 17.

Other Income:

Other income in FY 18 is at ₹ 6.15 crores as compared to ₹ 11.36 crores in FY 17. This includes profit on redemption of short term Investments made out of surplus cash.

Profit After Taxes (PAT):

Kaya Group's Earnings after taxes and exceptions (post minority interest share) is of ₹ (21.5) crores (-5% of Net Revenue) as compared to ₹ (29.3) crores (-7% of Net Revenue) in FY 17.

Fixed Assets

Fixed assets (net of depreciation) increased by ₹ 5.27 crores during the year FY 18 from ₹ 92.14 crores as on March 31st 2017 to ₹ 97.42 crores as on March 31st, 2018. The increase is on account of facelift of existing clinics and investment in hair transplant technology in addition to expansion in Middle East.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

OUTLOOK

India

The long-term outlook for Skin care sector remains positive on the back of favourable demographics, higher awareness about health, rising disposable income, burgeoning aspiring middle class segment and large young and working population as well as improvement in the macro economic factors like GDP, inflation etc.

The big focus of the India business would be to drive Specialised Doctor led services such as Anti Ageing, Fairness Pigmentation & Hair Care. Hair Transplants is a new segment for the business. Product sales expansion both within Kaya Clinics and in Department Stores and Modern Trade will also be an area of thrust. Modernising Key clinics in terms of Infrastructure, customer convenience and Technology will also be focussed.

Middle East

We think, the worst is over for the economy. There are expectations of the GCC economy only moving up from here. Though the recent Qatar crisis, has led to short term speculations again, we believe, the economy in the GCC should perform better than last year. Beauty & Personal Care categories should see a better growth than others, and so should the skin care category.

Our big focus for next year is to turnaround our Saudi Arabia business, to bring it back to single digit growths. Given the economic environment in Saudi Arabia, it is a Herculean task, but we believe, a brand as strong as ours, with excellence in service and offerings, can ride the tide better than others. Our focus in other markets will continue to be to add more clinics in the GCC region, organically and inorganically, keep innovating and venturing into technologies and portfolios which hold huge potential in the region, and scale up the new identity faster, balancing with the investment that business can afford.

BOARD’S REPORT

To the Members,

Your Board of Directors (‘Board’) is pleased to present the Fifteenth Annual Report of your Company, Kaya Limited, for the year ended March 31, 2018 (‘the year under review’, ‘the year’ or ‘FY2017-18’).

In line with the requirements of the Companies Act, 2013, (the “Act”) this report covers the financial results and other developments during April 1, 2017 to March 31, 2018 in respect of Kaya Limited (‘Kaya’) and Kaya Consolidated comprising Kaya, its Subsidiaries and Joint Venture. The consolidated entity has been referred to as ‘Kaya Group’ or ‘Your Group’ in this report.

FINANCIAL RESULTS - AN OVERVIEW

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018
Total Revenue	20,593.34	21,078.16	42,042.60	40,993.45
(Loss) before Tax	(1,823.42)	(1,371.38)	(2,980.06)	(1,928.75)
Tax Expense				
- Current Tax	-	-	-	-
- Deferred Tax	(254.31)	(37.81)	(254.31)	(37.81)
(Loss) After Tax	(1,569.11)	(1,333.57)	(2,830.28)	(1,976.92)

Figures for Financial Year 2016-17 have been restated as per Ind AS and therefore may not be comparable with financials for Financial Year 2016-17 approved by the Directors and disclosed in the Financial Statement of previous year.

REVIEW OF OPERATIONS

During the year under review, Your Group posted consolidated total revenue of INR 40,993.45 Lakhs, a reduction of around 2.5% over the previous year. A loss of INR 1,928.75 Lakhs (4.71% of Total Revenue) was reported during the financial year under review, as compared to a loss of INR 2,980.06 Lakhs (7.09% of previous year’s Total Revenue) for the previous financial year. There are no material changes and commitments affecting the financial position of your Company which have occurred between the end of the FY 2017-18 and the date of this report.

TRANSFER TO RESERVES

There is no amount proposed to be transferred to general reserve this year due to unavailability of profits.

DIVIDEND

The Directors have recommended no dividend for the year ended March 31, 2018.

INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (“MCA”), vide its notification dated February 16, 2015 issued Indian Accounting Standards (“IND AS”) applicable to certain classes of companies. In exercise of the powers conferred by Section 133 read with section 469 and Section 210A(1) of the Companies Act, 1956, the Central Government, in consultation with the National Advisory Committee on Accounting Standards, has replaced the existing Indian GAAP with IND AS. For Kaya, IND AS is applicable for the accounting period beginning April 1, 2017, with the transition date of April 1, 2016.

The following are the key areas which had an impact on account of IND AS transition:

- Customer Loyalty Programme (Deferred Revenue)
- Share based payments
- Deferred Tax Asset
- Defined employee benefit obligations
- Fair valuation of certain financial instruments

The detailed reconciliation of the transition from IGAAP to IND AS has been provided in Note 36 in the notes to accounts of Standalone Financial Statement and Note 38 in the notes to accounts of Consolidated Financial Statement.

BOARD'S REPORT (Contd.)

SUBSIDIARIES/ JOINT VENTURE

Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5, 8 of Companies (Accounts) Rules, 2014 and other applicable provisions, if any, a statement covering the salient features of the financial statements of our subsidiaries, joint venture in the prescribed format AOC-1 is annexed to this report as Annexure I.

The financial statement of the subsidiary companies and related information are uploaded on the website of your Company and can be accessed using the link http://www.kaya.in/investors/#kaya_investors.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the notes to the Financial Statements forming part of this Annual Report.

PUBLIC DEPOSITS

The Company did not accept any public deposits during the year 2017-18.

RELATED PARTY TRANSACTIONS

All the transactions with the related parties entered into during the financial year 2017-18 were at arm's length and in the ordinary course of business and in accordance with the provisions of the Act and the Rules made thereunder. There were no transactions which were material, considering the materiality thresholds prescribed under the Act and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Accordingly, no disclosure is made in respect of the Related Party Transactions in the prescribed Form AOC-2 in terms of Section 134 of the Act.

The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company at http://www.kaya.in/investors/#kaya_investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis forming a part of this Annual Report, *inter alia*, covers the following:

- Industry structure and development
- Opportunities and Threats
- Outlook
- Risks and Concerns
- Internal control systems and their adequacy
- Discussion on financial performance with respect to operational performance
- Material Developments in Human Resources/ Industrial Relations front, including number of people employed.

DIRECTORS & KEY MANAGERIAL PERSONNEL

As per Section 152 and other applicable provisions of the Act, Mr. Rajendra Mariwala being liable to retire by rotation at the ensuing Annual General Meeting of the Company has offered himself for re-appointment.

The Company has received declarations from the Independent Directors affirming that they meet the criteria of independence as provided in Section 149(6) of the Act and declaration under Regulation 26 of the Listing Regulations. Further, all the members of the Board of Directors and senior management personnel have confirmed compliance with the code of conduct of board of directors and senior management.

It is also proposed to re-appoint Ms. Ameera Shah, Independent Director, whose term of office expires on March 31, 2019, for a further period of 5 (Five) years, to hold office upto March 31, 2024.

During the year, Mr. Dharmendar Jain resigned as the Chief Financial Officer of the Company, w.e.f. April 21, 2017 and Mr. Naveen Duggal was appointed as the Chief Financial Officer w.e.f. August 2, 2017.

Further, during the year, Ms. Almas Badar resigned as the Company Secretary of the Company w.e.f. November 10, 2017 and Ms. Nitika Dalmia was appointed as the Company Secretary & Compliance Officer w.e.f. December 5, 2017.

MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors of the Company met 6 times during the year to deliberate on various matters. The details of the meetings of the Board and its Committees held during the year are stated in the Corporate Governance Report forming part of this Annual Report.

BOARD’S REPORT (Contd.)

PERFORMANCE EVALUATION

In accordance with the relevant provisions of the Act, Rules made thereunder and the Regulation 17(10) of the Listing Regulations and the Guidance Note on Board Evaluation issued by SEBI vide its circular dated January 5, 2017, the evaluation of the performance of the individual directors, Chairman of the Board, the Board as a whole and its Committees was carried out. The details of the same are explained in the Corporate Governance Report.

CORPORATE GOVERNANCE

A separate section on corporate governance practices followed by the Company together with a certificate from the Statutory Auditors confirming compliance thereto is annexed to this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosure on the details of remuneration to Directors and other employees pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure II.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be made available on the website of the Company 21 days prior to the date of meeting of forthcoming Annual General Meeting. This information is also available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member desirous of obtaining a copy of the said annexure may write to the Company Secretary of your Company.

POLICY ON NOMINATION AND REMUNERATION

In terms of the applicable provisions of the Act, read with the rules made thereunder and the Listing Regulations, your Board has formulated a policy in relation to appointment, removal and remuneration of Directors, and Key Managerial Personnel. The Nomination & Remuneration Policy can be accessed using the link http://www.kaya.in/investors/#kaya_investors.

EMPLOYEES’ STOCK OPTION SCHEME

The Company had formulated and implemented Kaya Limited Employees Stock Option Scheme, 2014 and Kaya Limited Employees Stock Option Scheme, 2014 – KME for grant of options to employees of the Company and its subsidiaries respectively. Vesting Date for the options granted under Kaya Limited Employees Stock Option Scheme, 2014 and Kaya Limited Employees Stock Option Scheme, 2014 – KME was March 31, 2016 and March 31, 2017 respectively. In view of the implementation of the Kaya Employee Stock Options Plan, 2016, as explained below, no further grant of stock options is envisaged in these Schemes.

KAYA EMPLOYEE STOCK OPTION PLAN, 2016

The Board of Directors of the Company through a circular resolution passed on June 28, 2016 had approved the introduction and implementation of Kaya Employee Stock Option Plan, 2016 (“Kaya ESOP 2016” or “the Plan”) for employees of the Company and its subsidiaries and the same was approved by the shareholders at the Annual General Meeting held on August 4, 2016. Under the plan, Stock Options shall be granted to eligible employees by the Nomination and Remuneration Committee through various Schemes to be notified under the Plan. The total number of options granted in aggregate under the Plan shall not exceed 2% of the paid-up equity capital of the Company as on March 31, 2016 and the grant of options to any single employee shall not exceed 0.5% of the paid-up equity share capital of the Company.

- **KAYA ESOP 2016 – SCHEME I**

  Nomination and Remuneration Committee of the Board of Directors through a circular resolution passed on August 23, 2016 had approved the Kaya ESOP 2016 - Scheme I. Total of 2,53,893 stock options were granted under the said Scheme to the eligible employees of the Company and its Subsidiaries.

- **KAYA ESOP 2016 – SCHEME II**

  The Nomination and Remuneration Committee of the Board of Directors through a circular resolution passed on June 28, 2017 had approved the Kaya ESOP 2016 - Scheme II. Total of 27,400 stock options were granted under this Scheme to the eligible employees of the Company and its Subsidiaries. However, due to resignation of the said eligible employees during 2017-18, the options granted under this Scheme have lapsed. The vesting date for the options granted was March 31, 2019.

- **KAYA ESOP 2016 – SCHEME III**

  The Nomination and Remuneration Committee of the Board of Directors through a circular resolution passed on June 28, 2017 had approved the Kaya ESOP 2016 - Scheme III. Total of 14,700 stock options were granted under this Scheme to the eligible employees of the Company and its Subsidiaries. The vesting date for the options granted under this Scheme is March 31, 2020.

Additional information on ESOS in terms of section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and applicable provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 is annexed to this Report as Annexure III.

CORPORATE SOCIAL RESPONSIBILTY ("CSR")

The statutory provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company as on March 31, 2018.

However, as a good Corporate Governance initiative, the Board of Directors had constituted the CSR Committee. Once the said statutory provisions are applicable to the Company, the CSR Committee shall recommend to the Board of Directors, the CSR Policy and amount of expenditure to be incurred for the purpose. The Composition of the Committee is laid down in the Corporate Governance Report forming part of this Annual Report.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, your Company has constituted an Internal Committee and during the year under review, the Committee received no complaints on sexual harassment.

AUDITORS

Statutory Auditors

The shareholders of the Company at their 14th Annual General Meeting held on August 2, 2017 had appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) as the Statutory Auditors of the Company to hold office from the conclusion of the 14th Annual General Meeting till the conclusion of 19th Annual General Meeting of the Company, subject to ratification by the shareholders at Annual General Meeting(s), as applicable.

Consequently, the Board of Directors recommends the ratification of appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of 16th Annual General Meeting of the Company.

Internal Auditors

M/s. Ernst & Young LLP, a Chartered Accountant Firm, has been associated with your Company as its internal auditor partnering your Company in the area of risk management and internal control systems.

Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your company appointed Amita Desai & Co., Practicing Company Secretaries, Mumbai, to conduct the Secretarial Audit of your Company. The Secretarial Audit Report for FY2017-18 is enclosed as Annexure IV to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

AUDITOR'S REPORT

The Auditor's Report does not contain any qualification, reservation or adverse remark or disclaimer by M/s. B S R & Co. LLP, Chartered Accountants.

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The composition and the detailed terms of reference of the Committee are stated in the Corporate Governance Report forming part of this Annual Report.

RISK MANAGEMENT

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

BOARD'S REPORT (Contd.)

INTERNAL FINANCIAL CONTROLS

Kaya has developed IFC framework on the basis of review of Policies, procedures and processes. Controls for each of the processes were documented. Design and operating effectiveness of controls was tested by management and later audited by the statutory auditors. Your statutory auditors have given a clean report after checking effectiveness of controls.

The management believes that strengthening IFC is a continuous process and therefore it will continue its efforts to make the controls smarter with focus on preventive and automated controls as opposed to mitigating and manual controls.

VIGIL MECHANISM

We have embodied the mechanism in the Code of Conduct of the Company for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our Code of Conduct. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases and no personnel have been denied access to the Audit Committee. The Board and its Audit Committee are informed periodically on the cases reported, if any and the status of resolution of such cases.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

There were no significant/ material orders passed by the regulators or courts or tribunals impacting the going concern status of your Company and its operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

Your company emphasizes on conservation of energy as its responsibility towards the environment and society at large by ensuring that its products, services and operations are safe for consumers, employees and the environment. Your Company focuses on technology, processes and improvements that matter for environment which includes reduction in power consumption, optimal water usage and eliminating excess use of paper.

Technology Absorption

The Company strives to adopt technology that provides the best possible outcome to its customers. The Company constantly reviews technological innovations/advancements applicable to its business.

Foreign Exchange Earnings and Outgo

The details of Foreign Exchange Earnings and Outgo for the year under review are as follows:

Foreign exchange earnings and Outgo	2017-18 (₹ in Crore)	2016-17 (₹ in Crore)
1. The Foreign Exchange earned in terms of actual inflows during the year.	8.54	5.17
2. The Foreign Exchange outgo during the year in terms of actual outflows.	5.75	7.74

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of the Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the extract of Annual Return of the Company for the financial year ended March 31, 2018 is given as Annexure V to this report.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with the Secretarial Standards related to the Board Meetings and General Meeting issued by the Institute of Company Secretaries of India (ICSI).

DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and information and based on the information and explanations provided to them by the Company, your Directors make the following statement in terms of Section 134(3)(c) of the Act

- that in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures from the same;

BOARD'S REPORT (Contd.)

- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2018 and of the loss of your Company for the said year;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a 'going concern' basis;
- that proper internal financial controls to be followed by the Company were laid down and such internal financial controls are adequate and were operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from shareholders, bankers, all other business associates, and customers. We look forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Place : Mumbai
Date : May 4, 2018

Harsh Mariwala
Chairman & Managing Director

ANNEXURE I TO THE BOARD'S REPORT

Form AOC -1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of the Subsidiaries and Joint Venture

Part - "A": Subsidiaries

Sr. No.	Name of the Subsidiary	Reporting period	Reporting currency	Exchange rate (Balance sheet)	Exchange rate (Profit & Loss)	Share capital	Reserves & Surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of shareholding
1	KME Holdings Pte Ltd.	March 31, 2018	SGD	49.52	47.47	194.81	-10.80	194.19	10.19	194.18	-	-0.10	-	-0.10	NIL	100%
			INR			9,646.22	-534.84	9,615.83	504.45	9,615.37	-	-4.90	-	-4.90	NIL	
2	Kaya Middle East DMCC	March 31, 2018	AED	17.72	17.63	0.50	2.68	380.57	377.39	294.89	24.77	13.46	-	13.46	NIL	100%
			INR			8.86	47.45	6,743.69	6,687.38	5,225.41	436.70	237.34	-	237.34	NIL	
3	Kaya Middle East FZC	March 31, 2018	AED	17.72	17.63	556.00	-225.68	767.62	437.31	-	989.38	-64.58	-	-64.58	NIL	100%
			INR			9,852.32	-3,999.10	13,602.31	7,749.08	-	17,442.79	-1,138.60	-	-1,138.60	NIL	
4	IRIS Medical Centre LLC	March 31, 2018	AED	17.72	17.63	1.50	17.99	25.62	6.12	-	30.68	-0.33	-	-0.33	NIL	85%
			INR			26.58	318.81	453.91	108.52	-	540.95	-5.90	-	-5.90	NIL	
5	Minal Specialised Clinic Dermatology LLC	March 31, 2018	AED	17.72	17.63	3.00	8.69	18.94	7.25	-	49.60	8.98	-	8.98	NIL	75%
			INR			53.16	153.95	335.53	128.42	-	874.47	158.29	-	158.29	NIL	
6	Minal Medical Centre LLC	March 31, 2018	AED	17.72	17.63	3.00	9.83	22.00	9.16	-	67.84	22.20	-	22.20	NIL	75%
			INR			53.16	174.25	389.76	162.35	-	1,195.97	391.31	-	391.31	NIL	

Notes:

1. % of Shareholding includes direct and indirect holding through subsidiary.
2. The amounts given in the table above are from the Annual Accounts made for the respective financial year end for each of the Companies.
3. The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies have been based on the exchange rates as on March 31, 2018.

For and on behalf of the Board of Directors

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman of the Audit & Risk Management Committee

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary & Compliance Officer

Place : Mumbai
Date : May 4, 2018

ANNEXURE I TO THE BOARD'S REPORT

Statement pursuant to Section 129 (3) of the Companies Act, 2013
related to Associate Companies and Joint Ventures

Part "B" : Associates and Joint Venture

Name of joint Venture		Kaya Al Beda JV
1	**Latest audited Balance Sheet Date**	March 31, 2018 (Audited)
2	**Shares of Associate/ Joint Ventures held by the Company on the year end**	
	No.	-
	Amount of Investment in Associates/Joint Venture	-
	Extend of Holding %	49%
3	**Description of how there is significant influence**	Joint Venture Agreement
4	**Reason why the associate/joint venture is not consolidated**	NA
5	**Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lacs)**	(198.88)
6	**Profit / (Loss) for the year**	
	i. Considered in Consolidation (₹ in Lacs)	(85.98)
	ii. Not Considered in Consolidation (₹ in Lacs)	--

Note: The above details pertain to a Joint Venture Agreement dated January 28, 2016 signed by Kaya Middle East, DMCC, subsidiary of the Company with Al Beda Medical Services K.S.C.C., Kuwait.

For and on behalf of the Board of Directors

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman of the Audit & Risk Management Committee

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary & Compliance Officer

Place : Mumbai
Date : May 4, 2018

ANNEXURE II TO THE BOARD'S REPORT

Information required under Section 197 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1. **Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18:**

   No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2018. Hence, this disclosure is not applicable.

2. **Percentage increase in the remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year 2017-18 is as follows:**

Name	Designation	Remuneration		Increase/ (Decrease) %
		2017-18	2016-17	
Mr. Rajiv Nair*	Chief Executive Officer	1,44,60,140	51,95,159	NA
Mr. Dharmendar Jain** (Upto April 21, 2017)	Chief Financial Officer	10,75,505	2,86,90,224	NA
Mr. Naveen Duggal*** (w.e.f. August 2, 2017)	Chief Financial Officer	52,47,754	NA	NA
Ms. Almas Badar**** (Upto November 10, 2017)	Company Secretary & Compliance Officer	14,58,194	17,01,503	NA
Ms. Nitika Dalmia*** (w.e.f. December 5, 2017)	Company Secretary & Compliance Officer	3,09,036	NA	NA

Notes:

*Mr. Rajiv Nair was appointed as the Chief Executive Officer – Kaya India, w.e.f. November 16, 2016. Hence, the remuneration paid to him in 2016-17 is not comparable with the remuneration paid to him in 2017-18.

**Mr. Dharmendar Jain was the Chief Financial Officer of the Company upto April 21. 2017. Hence, the remuneration paid to him in 2016-17 is not comparable with the remuneration paid to him in 2017-18.

***Mr. Naveen Duggal was appointed as the Chief Financial Officer and Ms. Nitika Dalmia was appointed as the Company secretary & Compliance Officer of the Company w.e.f. August 2, 2017 and December 5, 2017, respectively. Hence, remuneration paid for the said designations are only in the financial year 2017-18

**** Ms. Almas Badar was the Company secretary & Compliance Officer of the Company upto November 10, 2017. Hence, the remuneration paid to her in 2016-17 is not comparable with the remuneration paid in 2017-18.

a) No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2018. Hence, this disclosure pertaining to increase in remuneration of each Director is not applicable.

b) Remuneration paid in 2017-18 to outgoing CFO & CS includes the amount paid as final settlement.

3. Percentage increase/decrease in the median remuneration of all employees in the financial year 2017-18 is as follows:

	2017-18	2016-17	Increase/ (Decrease) %
Median Remuneration of all employees per annum	3,48,507	3,50,189	(0.48%)

Note: For calculation of median remuneration for the financial year 2017-18, the employee count taken is 598 which comprise of employees who have served for the whole of the financial year.

4. **Number of permanent employees on the rolls of the Company as on March 31, 2018:** 884

5. **Average percentage increase already made in the remuneration of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

	Increase/ (Decrease) %
Average percentage increase in the remuneration of all employees(Other than managerial personnel)	8%
Average percentage increase in the managerial personnel remuneration	No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2017 and March 31, 2018. Hence, this rider is not applicable.

6. **Affirmation**

   Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Key Managerial Personnel and Senior Management is as per the Remuneration Policy of your Company.

ANNEXURE III TO THE BOARD'S REPORT

Details of Employees Stock Option Scheme

Sr. No	Particulars	Kaya Limited Employees Stock Option Scheme, 2014 (KME)	Kaya Employee Stock Option Plan, 2016 (Scheme - I)	Kaya Employee Stock Option Plan, 2016 (Scheme - II)	Kaya Employee Stock Option Plan, 2016 (Scheme - III)
1	Options granted (during FY 2017-18)	None	None	27,400	14,700
2	Options vested (during FY 2017-18)	None	50,780	None	None
3	Options exercised (during FY 2017-18)	5,450	2,840	None	None
4	The total number of shares arising as a result of exercising of option (during FY 2017-18)	5,450	2,840	None	None
5	Options lapsed/ forfeited* (during FY 2017-18)	None	18,705	27,400	None
6	Pricing Formula/ Exercise Price	₹ 300 per share	₹ 732 per share	₹ 1,063.80 per share	₹ 1,063.80 per share
7	Variation of terms of options	The Scheme of Arrangement between Marico Kaya Enterprises Limited and Kaya Limited and their respective Shareholders and Creditors was made effective on May 13, 2015. Consequently, there was a change in share capital of the Company. Hence, the Board of Directors vide resolution dated May 14, 2015 and pursuant to Clause 12.2 of this Scheme, revised the number of options granted from 9411 to 6800 and the exercise price from ₹ 217 to ₹ 300.	NA	NA	NA
8	Money realized by exercise of options (during FY 2017-18)	16,35,000	20,78,880	NA	NA
9	Total number of options in force (as at March 31, 2018)	None	2,35,188	None	14,700
10	Employee wise details of options granted to (during FY 2017-18)				
	i) KMP	NA	NA	None	Summary^ of options granted to KMP in FY 2017- 18 under this scheme is as under: - No. of KMPs covered - 1
	^Only summary is given due to sensitive nature of the information.				

ANNEXURE III TO THE BOARD'S REPORT

Sr. No	Particulars	Kaya Limited Employees Stock Option Scheme, 2014 (KME)	Kaya Employee Stock Option Plan, 2016 (Scheme - I)	Kaya Employee Stock Option Plan, 2016 (Scheme - II)	Kaya Employee Stock Option Plan, 2016 (Scheme - III)
	ii) any other employee who receives a grant of options in any one year amounting to 5% or more of options granted during the year	NA	NA	There is 1 employee who has received grant of options amounting to 5% or more under the Scheme. However, that employee has left the organisation.	There is 1 employee who has received grant of options amounting to 5% or more under the Scheme.
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	None	None	None
11	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Indian Accounting Standard (Ind AS) 33' Earnings per Share	(10.24) per share			
12	i) Method of calculating employee compensation cost	Fair Value Method			
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	As per Ind AS requirement, the Company has to use fair value method.			
	iii) The impact of this difference on the profits and on EPS of the Company				
13	Weighted average exercise price and weighted average fair values of options	Exercise Price is ₹300. Fair Value of Option is ₹116.04.	Exercise Price is ₹ 732. Fair Value of Option is ₹237.10.	Exercise Price is ₹ 1063.80 Fair Value of Option is ₹304.10.	Exercise Price is ₹ 1063.80 Fair Value of Option is ₹ 304.10.

ANNEXURE III TO THE BOARD'S REPORT

Sr. No	Particulars	Kaya Limited Employees Stock Option Scheme, 2014 (KME)	Kaya Employee Stock Option Plan, 2016 (Scheme - I)	Kaya Employee Stock Option Plan, 2016 (Scheme - II)	Kaya Employee Stock Option Plan, 2016 (Scheme - III)
14	Description of method and significant assumptions used during the year to estimate the fair values of options:	Fair Value			
	i) Risk-free interest rate (%)	8.47%	7.13%	6.00%	6.25%
	ii) Expected life of options (years)	1.98	1.5 to 3.5	2.26	3.36
	iii) Expected volatility (%)	65.00%	40.00%	39.40%	39.40%
	iv) Dividend yield	0.00%	0.00%	0.00%	0.00%

*Options have been lapsed as the grantees left the organisation.

ANNEXURE IV TO THE BOARD'S REPORT

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Kaya Limited
23/C, Mahal Industrial Estate, Mahakali Caves Road,
Near Paperbox Lane, Andheri (East)
Mumbai - 400093

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kaya Limited ("the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and as per the explanations given to us and the representations made by the Management of the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018(Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records made available to us during our audit, which is maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of the following laws:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are applicable to the Company:

   a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable to the Company for the year under review;

   e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable to the Company for the year under review,

   g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company for the year under review, and

   i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company for the year under review,

vi. The Following Acts and Rules made thereunder pertaining to the business of the Company are specifically applicable to the Company.

   a. The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945;

   b. The Legal Metrology Act, 2009 ; and

   c. The Legal Metrology (Packaged Commodities) Rules, 2011

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India [SS 1(Board Meetings) and SS 2 (General Meetings)]

During the period under review and as per the explanation and clarification given to us and the representations made by the management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. as mentioned.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the Audit Period, there were no changes in the composition of the Board of Directors.

Adequate notice was given to all directors of the scheduled Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions during the Audit Period were carried through unanimously and there were no dissenting views of any Board Member or Shareholder that were recorded in the Minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of Compliance Certificate issued by the Managing Director or Chief Financial Officer and taken on record by the Board at their meeting(s), we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company,to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and as informed by the Company. There are no notice for demands, claims or penalties levied by the various statutory/regulatory authorities.

We further report that during the Audit Period there was no specific event or actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines , standards etc.

For **Amita Desai & Co.**
Company Secretaries

Amita Desai
Proprietor
FCS 4180 CP 2339

Place : Mumbai
Date : May 4, 2018

This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

ANNEXURE IV TO THE BOARD’S REPORT

SECRETARIAL AUDIT REPORT

Form No. MR-3

ANNEXURE – A

To
The Members
Kaya Limited
23/C, Mahal Industrial Estate, Mahakali Caves Road,
Near Paperbox Lane, Andheri (East)
Mumbai - 400093

Our Secretarial Audit Report for the financial year ended March 31, 2018 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Amita Desai & Co.**
Company Secretaries

Amita Desai
Proprietor
FCS 4180 CP 2339

Place : Mumbai
Date : May 4, 2018

ANNEXURE V TO THE BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2018

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L85190MH2003PLC139763
ii	Registration Date	March 27, 2003
iii	Name of the Company	Kaya Limited
iv	Category/Sub-category of the Company	Category: Company limited by shares Sub–Category: Non – government Company.
v	Address of the Registered office & contact details	23/C, Mahal Industrial Estate, Mahakali Caves Road, Near Paperbox Lane, Andheri (East), Mumbai – 400 093. Tel.: 022 66195000 Fax.: 022 66195050
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 Tel.: +91 22 491 86000 Fax.: +91 22 491 86060 Email : rnt.helpdesk@linkintime.co.in

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Medical practice activities – To carry on the business of providing Health Care Aesthetics, Beauty & Personal Care products and services in India and abroad including but not limited to medical services through advanced equipment such as surgical lasers, skin treatment appliances, equipment and appliances for treatment of acne, etc.	86201	100

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1	KME Holdings Pte. Ltd.	NA	Subsidiary	100	2(87)
2	Kaya Middle East FZC	NA	Subsidiary	100	2(87)
3	Kaya Middle East DMCC	NA	Subsidiary	100	2(87)
4	Iris Medical Centre LLC	NA	Subsidiary	85	2(87)
5	Kaya Al Beda JV	NA	Joint Venture	49	2(6)
6	Minal Medical Centre LLC	NA	Subsidiary	75	2(87)
7	Minal Specialized Clinic Dermatology LLC	NA	Subsidiary	75	2(87)

ANNEXURE V TO THE BOARD'S REPORT

IV SHAREHOLDING PATTERN (Equity Share capital Break up as percentage of total Equity)

(i) CATEGORY WISE SHAREHOLDING

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
(1)	**Indian**									
a)	Individual/HUF	7634484	0	7634484	58.63	7634484	0	7634484	58.59	0.00
b)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corp.	176440	0	176440	1.35	176440	0	176440	1.35	0.00
e)	Bank/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	SUB TOTAL - (A) (1)	**7810924**	**0**	**7810924**	**59.98**	**7810924**	**0**	**7810924**	**59.94**	**0.00**
(2)	**Foreign**									
a)	NRI - Individuals	18000	0	18000	0.14	18000	0	18000	0.14	0.00
b)	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	SUB TOTAL -(A) (2)	**18000**	**0**	**18000**	**0.14**	**18000**	**0**	**18000**	**0.14**	**0.00**
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**7828924**	**0**	**7828924**	**60.12**	**7828924**	**0**	**7828924**	**60.08**	**0.00**
B.	**PUBLIC SHAREHOLDING**									
(1)	**Institutions**									
a)	Mutual Funds	810727	0	810727	6.23	417828	0	417828	3.21	-3.02
b)	Banks/FI	5423	0	5423	0.04	15969	0	15969	0.12	0.08
c)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	96040	0	96040	0.74	94060	0	94060	0.72	-0.02
g)	FIIs	399626	100	399726	3.07	237012	100	237112	1.82	-1.25
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Others (specify):									
1	Clearing Members	158379	0	158379	1.22	58191	0	58191	0.45	-0.77
2	Trusts	1700	0	1700	0.01	100	0	100	0.00	-0.01
3	Foreign Investor Corporate	37151	0	37151	0.29	45674	0	45674	0.35	0.07
4	Hindu Undivided Family (HUF)	123237	0	123237	0.95	141707	0	141707	1.09	0.14
5	Alternate Investment Fund	0	0	0	0.00	166054	0	166054	1.27	1.27
	SUB TOTAL (B)(1):	**1632283**	**100**	**1632383**	**12.54**	**1176595**	**100**	**1176695**	**9.03**	**-3.50**
(2)	**Non Institutions**									
a)	Bodies Corp.									
i)	Indian	863964	760	864724	6.64	388294	760	389054	2.99	-3.65
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹ 1 lakhs	2103376	13850	2117226	16.26	2892262	13101	2905363	22.30	6.05
ii)	Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	579307	0	579307	4.45	730818	0	730818	5.61	1.16
	SUB TOTAL (B)(2):	**3546647**	**14610**	**3561257**	**27.35**	**4011374**	**13861**	**4025235**	**30.89**	**3.56**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**5178930**	**14710**	**5193640**	**39.88**	**5187969**	**13961**	**5201930**	**39.92**	**0.06**
C.	**Shares held by Custodian for GDRs & ADRs**	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	**13007854**	**14710**	**13022564**	**100.00**	**13016893**	**13961**	**13030854**	**100.00**	**0.06**

ANNEXURE V TO THE BOARD'S REPORT

(ii) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year		
		No of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares
1	Harsh C Mariwala with Kishore V Mariwala for Acquarius Family Trust	1467520	11.27	-	1467520	11.26	-
2	Harsh C Mariwala with Kishore V Mariwala for Gemini Family Trust	1467520	11.27	-	1467520	11.26	-
3	Harsh C Mariwala with Kishore V Mariwala for Taurus Family Trust	1467520	11.27	-	1467520	11.26	-
4	Harsh C Mariwala with Kishore V Mariwala for Valentine Family Trust	1467520	11.27	-	1467520	11.26	-
5	Harsh C Mariwala	285092	2.19	-	285092	2.19	-
6	Rajvi H Mariwala	262000	2.01	-	262000	2.01	-
7	Rishabh H Mariwala	262000	2.01	-	262000	2.01	-
8	Archana H Mariwala	246000	1.89	-	246000	1.89	-
9	Ravindra.K.Mariwala	150846	1.16	-	150846	1.16	-
10	Harshraj C Mariwala (Huf)	122400	0.94	-	122400	0.94	-
11	Rajen K Mariwala	119543	0.92	-	119543	0.92	-
12	Hema K Mariwala	78322	0.60	-	78322	0.60	-
13	Anjali R Mariwala	74182	0.57	-	74182	0.57	-
14	Paula R Mariwala	74182	0.57	-	74182	0.57	-
15	Kishore V Mariwala	53369	0.41	-	53369	0.41	-
16	Pallavi Jaikishan Panchal	18320	0.14	-	18320	0.14	-
17	Malika Chirayu Amin	18000	0.14	-	18000	0.14	-
18	Kishore V Mariwala for KVM Anandita Trust	37	0.00	-	37	0.00	-
19	Kishore V Mariwala for KVM Arnav Trust	37	0.00	-	37	0.00	-
20	Kishore V Mariwala for KVM Vibhav Trust	37	0.00	-	37	0.00	-
21	Kishore V Mariwala for KVM Taarika Trust	37	0.00	-	37	0.00	-
22	The Bombay Oil Private Limited	176440	1.35	-	176440	1.35	-
23	Preeti Gautam Shah	18000	0.14	-	18000	0.14	-
	Total	**7828924**	**60.12**	**-**	**7828924**	**60.08**	**-**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year
		No of shares	% of total shares of the Company				No. of Shares
NO CHANGE							

ANNEXURE V TO THE BOARD'S REPORT

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year
		No of shares	% of total shares of the Company				No. of Shares
1	Reliance Capital Trustee Co. Ltd	578308	4.44	During the financial year	36745	Purchase	615053
					197225	Sale	417828
2	Vanaja Sundar Iyer	0	0	During the financial year	165971	Purchase	165971
					0	Sale	165971
3	EQ India Fund	0	0	During the financial year	128000	Purchase	128000
					0	Sale	128000
4	Premier Investment Fund Limited	95000	0.73	During the financial year	0	Purchase	95000
					0	Sale	95000
5	Jignesh Vijaykumar Shah	0	0.00	During the financial year	81900	Purchase	81900
					0	Sale	81900
6	Life Insurance Corporation of India	78509	0.60	During the financial year	0	Purchase	78509
					0	Sale	78509
7	Ganesh Srinivasan	20500	0.16	During the financial year	55500	Purchase	76000
					0	Sale	76000
8	Sundar Iyer	0	0.00	During the financial year	62500	Purchase	62500
					0	Sale	62500
9	Elsamma Joseph	0	0.00	During the financial year	60500	Purchase	60500
					0	Sale	60500
10	Edelweiss Custodial Services Limited	9407	0.07	During the financial year	119062	Purchase	128469
					69199	Sale	59270
11	Prazim Trading and Investment Co. Pvt. Ltd.	343095	2.63	During the financial year	0	Purchase	343095
					343095	Sale	0
12	DSP Blackrock Small and Mid Cap Fund	168375	1.29	During the financial year	0	Purchase	168375
					168375	Sale	0
13	Baring India Private Equity Fund III Listed Investments Limited	147058	1.13	During the financial year	0	Purchase	147058
					147058	Sale	0
14	Tarish Investment and Trading Co. Pvt. Ltd.	137436	1.06	During the financial year	0	Purchase	137436
					137436	Sale	0
15	Finquest Securities Pvt. Ltd.	106426	0.82	During the financial year	8080	Purchase	114506
					114506	Sale	0
16	IIFL Best of Class Fund 1 - Class 2	64044	0.49	During the financial year	0	Purchase	64044
					64044	Sale	0
17	Azim Premji Trust	63490	0.49	During the financial year	0	Purchase	63490
					63490	Sale	0

Note:

The above information is based on the weekly beneficiary positions received from the Depositories. The date wise increase/ decrease in shareholding of the top ten shareholders is available on the website of the Company.

ANNEXURE V TO THE BOARD'S REPORT

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year
		No of shares	% of total shares of the Company				No. of Shares
Directors							
1	Harsh Mariwala – Chairman & Managing Director	285092	2.19	1-Apr-17	0	No change during the year	285092
		285092	2.19	31-Mar-18	0		285092
2	Rajendra Mariwala – Non-Executive Director	119543	0.92	1-Apr-17	0	No change during the year	119543
		119543	0.92	31-Mar-18	0		119543
3	Ameera Shah – Independent Director	2920	0.02	1-Apr-17	0	No change during the year	2920
		2920	0.02	31-Mar-18	0		2920
4	B. S. Nagesh – Independent Director	4500	0.03	1-Apr-17			4500
				10-Nov-17	4500	Sale	0
		0	0.00	31-Mar-18	0		0
5	Nikhil Khattau – Independent Director	-	-	1-Apr-17	0	No change during the year	-
				31-Mar-18	0		
6	Irfan Mustafa – Independent Director	-	-	1-Apr-17	0	No change during the year	-
				31-Mar-18	0		
Key Managerial Personnel							
1	Rajiv Nair – Chief Executive Officer	-	-	1-Apr-17	0	No change	-
				31-Mar-18	0		
2	Dharmendar Jain – Chief Financial Officer	26963	0.21	1-Apr-17			-
				11-Apr-17	5600	Sale	21363
				13-Apr-17	2250	Sale	19113
		19113	0.15	21-Apr-17			19113
3	Naveen Duggal – Chief Financial Officer	0	0.00	2-Aug-17	0	No change	0
		0	0.00	31-Mar-18	0		
Mr. Dharmendar Jain resigned as the Chief Financial Officer, w.e.f. April 21, 2017 and Mr. Naveen Duggal was appointed as the Chief Financial Officer w.e.f. August 2, 2017							
4	Almas Badar – Company Secretary & Compliance Officer	1	0.00	1-Apr-17	0	No change	1
		1	0.00	10-Nov-17	0		1
5	Nitika Dalmia – Company Secretary & Compliance Officer	0	0.00	5-Dec-17	0	No change	0
		0	0.00	31-Mar-18	0		0
Ms. Almas Badar resigned as the Company Secretary & Compliance Officer w.e.f November 10, 2017 and Ms. Nitika Dalmia was appointed as the Company Secretary & Compliance Officer w.e.f. December 5, 2017							

ANNEXURE V TO THE BOARD'S REPORT

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	**-**	**-**	**-**	**-**
Change in Indebtedness during the financial year				
Additions	-	-	-	-
Reduction	-	-	-	-
Net Change	**-**	**-**	**-**	**-**
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**-**	**-**	**-**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

No remuneration was paid to the Managing Director, Whole-time Directors and/ or Manager for the Financial Year 2017-18.

B. Remuneration to Other Directors:

No remuneration was paid to other Directors for the Financial Year 2017-18

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/WTD

Particulars of Remuneration	Key Managerial Personnel					
	CEO (Rajiv Nair)	CFO (Dharmendar Jain)	CFO (Naveen Duggal)	Company Secretary (Almas Badar)	Company Secretary (Nitika Dalmia)	Total
Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2)Income-tax Act, 1961 (c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	14,460,140	1,075,505	5,247,754	1,458,194	309,036	22,550,629
Stock Option	-	-	-	-	-	0
Sweat Equity	-	-	-	-	-	0
Commission - as % of profit - Others	-	-	-	-	-	0
Others, please specify - Long term incentive	-	-	-	-	-	-
Total	**14,460,140**	**1,075,505**	**5,247,754**	**1,458,194**	**309,036**	**22,550,629**

ANNEXURE V TO THE BOARD'S REPORT

Notes:

1. Mr. Naveen Duggal was appointed as the CFO, w.e.f. August 2, 2017.
2. Mr. Dharmendar Jain resigned as the CFO w.e.f. April 21, 2017. Hence, the disclosure above includes amount paid as final settlement to the outgoing CFO.
3. Ms. Nitika Dalmia was appointed as the Company Secretary & Compliance Officer w.e.f. December 5, 2017.
4. Ms. Almas Badar resigned as the Company Secretary & Compliance Officer w.e.f. November 10, 2017. Hence, the disclosure above includes amount paid as final settlement to the outgoing CS.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company submits the Corporate Governance Report for the year ended March 31, 2018.

This report on Corporate Governance is divided into the following parts:

- Philosophy on Code of Corporate Governance
- Board of Directors
- Audit & Risk Management Committee
- Nomination & Remuneration Committee
- Stakeholders' Relationship Committee
- Other Committees
- General Body Meetings
- Disclosures
- Means of Communication
- General Shareholder Information

PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance is a fundamental component in cultivating efficiency and growth as well as enhancing Investors' confidence. Business doesn't work in isolation; Kaya believes in meeting its obligations to stakeholders and is channelled by a strong emphasis on transparency, accountability and integrity. Our philosophy of Corporate Governance is to adopt the best emerging practices, adhering to not just the regulatory requirements but also to be committed to the sound corporate governance principles and practices.

Our Board exercises its fiduciary responsibilities in the widest sense of the term. The Board Members strive to meet the expectations of operational transparency to stakeholders. All our Directors and employees are bound by the Code of Conduct that set out the fundamental standards to be followed in all actions carried out on behalf of the Company. This ensures effective control and management of business.

Kaya follows Corporate Governance Practices around the following philosophical keystones:

Transparency

Kaya believes that sharing and explaining all relevant information on the Company's policies and actions to all those to whom it has responsibility, with transparency and openness, generates an ambience which helps all stakeholders to take informed decisions about the Company. This reflects externally in making maximum appropriate disclosures without jeopardising the Company's strategic interests as also internally in the Company's relationship with its employees and in the conduct of its business.

The Company announces its financial results each quarter. The Company hosts the results on its website and publishes the same in leading newspapers.

Constructive Separation of Ownership and Management

The corporate governance framework of Kaya is based on an effective independent Board. We believe that the Board independence is vital to foster a corporate culture in which the high standards of ethical behaviour, individual accountability can be sustained. The Board comprises of 6 Directors, viz., 4 Independent Directors (including 1 woman director), 1 Non- Executive Non-Independent Director and 1 Chairman & Managing Director. The Board composition attempts at maximizing the effectiveness of both, Ownership and Management by a judicial mix of delegating power and enhancing the accountability for the actions taken.

The participation of the Senior Management is encouraged at Board and Committee meetings so that the Board/ Committees can seek and get explanations as required from them. All Directors, Promoters and Designated Persons are required to comply with Kaya Limited Employees (Trading in Securities & Prevention of Insider Trading) Rules, 2015 ("Kaya Insider Trading Rules, 2015"). Further, the Company's Internal, Statutory and Secretarial Auditors are not related to any of your Company's Directors.

Accountability

The Board plays a supervisory role rather than an executive role. The members of the Board of Directors of the Company provide constructive critique on the strategic business plans and operations of the Company. Kaya has established systems & procedures to ensure that its Board is well-informed and well-equipped to fulfil its overall responsibilities and to provide the senior management strategic direction it needs to create long-term shareholders value. The management team remains present at Board/Committee meetings so that the Board/Committee members can seek and get explanations as required from them.

The Audit and Risk Management Committee and the Board of Directors meet at least once in every quarter to consider, *inter alia*, the business performance and other matters of prominence to the Company and its operations.

Discipline and Fairness

Kaya places significant emphasis on good corporate governance practices and endeavours to ensure that the same is followed at all levels across the organisation. Hence, various mechanisms and policies have been recognized to ensure smooth ethical functioning of operations. Corrective measures have also been defined in case of transgressions by members. All actions taken are arrived at after considering the impact on the interests of all stakeholders.

Social Awareness

The Company has an explicit policy emphasising ethical behaviour. It follows a strict policy of not employing the under-aged. The Company believes in equality of gender and does not practise any kind of discrimination on the basis of race, gender, religion, caste, etc. All policies are free of bias and discrimination. Environmental responsibility is given high importance and measures have been taken at all locations to ensure that members are educated and equipped to discharge their responsibilities in ensuring the proper maintenance of the environment.

Corporate Governance

The Company is compliant with the applicable mandatory requirements of Listing Regulations inclusive of corporate governance requirements specified in Regulation 17 to 27 and Regulation 46 of the Listing Regulations.

BOARD OF DIRECTORS

The Board of Directors provides strategic guidance which ensures effective monitoring of the management of the Company. The Board encompasses corporate values which enhance the level of deliverables by the Company to Stakeholders. The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct, commitment to maximise members value on a continuous basis while looking after the welfare of all the other stakeholders which is the primary responsibility of the Board of Directors, Management and Employees. Our Board exercises appropriate control and judiciously exercises its fiduciary responsibilities in a spirit of trust, transparency and fair play.

The Board has established five committees with definitive roles to discharge its responsibilities in an effective and expedient manner. The Company Secretary acts as the Secretary to all the Committees constituted by the Board of Directors. A structured agenda governs the meetings of Board and its Committees. Agenda items, where required, are supported by background papers to enable the members of Board/ Committee members to take informed decisions. Action-taken Report on decisions taken at the previous meeting is placed at the succeeding meeting for critical evaluation of the decision taken and action initiated by the management for implementation of the decision.

Attendance of each Director at the Board meetings held between April 1, 2017 to March 31, 2018 and the last Annual General Meeting (AGM), is given below:

Name of the Director & DIN	Category	No. of Board Meetings		Attendance at last AGM held on August 2, 2017
		Held	Attended	
Mr. Harsh Mariwala (00210342)	Chairman & Managing Director (Promoter)	6	6	Yes
Mr. Rajendra Mariwala (00007246)	Non-Executive Director (member of Promoter Group)	6	5	No
Ms. Ameera Shah (00208095)	Independent Director	6	6	No
Mr. B. S. Nagesh (00027595)	Independent Director	6	5	Yes
Mr. Irfan Mustafa (07168570)	Independent Director	6	4	Yes
Mr. Nikhil Khattau (00017880)	Independent Director	6	4	Yes

CORPORATE GOVERNANCE REPORT (Contd.)

Mr. Harsh Mariwala and Mr. Rajendra Mariwala are related to each other as first cousins. No other Director is related to any other Director on the Board in terms of the definition of 'Relative' defined in the Companies Act, 2013.

Six Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2018 are as follows:

May 3, 2017;
August 2, 2017;
October 23, 2017;
October 31, 2017;
December 5, 2017, and
February 7, 2018.

Further, the number of Board and Board Committees of which a Director is a member or Chairperson as on March 31, 2018 is as under: -

Name of Director	Number of Other Directorships (*) held	Number of Memberships in Board Committees of Other Companies (**)	Number of Chairmanships in Board Committees of Other Companies (**)
Mr. Harsh Mariwala	7	1	-
Mr. Rajendra Mariwala	3	2	-
Ms. Ameera Shah	1	-	-
Mr. B. S. Nagesh	2	2	-
Mr. Irfan Mustafa	-	-	-
Mr. Nikhil Khattau	1	2	2

*Excludes directorship in private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

**Only two committees, namely, Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26(1)(b) of the Listing Regulations.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee presently comprises of three Independent Directors viz., Mr. Nikhil Khattau, Mr. B S Nagesh and Ms. Ameera Shah. Mr. Harsh Mariwala is the Permanent Invitee to the Committee. The constitution of the Committee meets the requirements as laid down under Section 177 of the Companies Act, 2013 and of Regulation 18 of the Listing Regulations. The Company Secretary of the Company is the Secretary of the Committee.

The powers, role and terms of reference of the Committee covers the areas as contemplated under Regulation 18(3) of the Listing Regulations and Section 177 of the Companies Act, 2013 as applicable, besides other terms as may be referred by the Board of Directors. The powers include investigating any activity within its terms of reference; seeking information from any employee; obtaining outside legal or other professional advice; and securing attendance of outsiders with relevant expertise, if it considers necessary. The role includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible; recommending the appointment, re-appointment, if required, replacement or removal of statutory auditors, fixation of audit fees and approval of payment for any other services, as permitted; reviewing the adequacy of internal audit function; discussing with internal auditors any significant findings and follow-up thereon; reviewing with the management annual and quarterly financial statements before submission to the Board for approval; approval or any subsequent modification of any transactions of the Company with related parties; review and monitor the auditors independence and performance and effectiveness of audit process; scrutiny of inter corporate loans and investments, if any; evaluation of internal financial controls and risk management system; and reviewing the functioning of the Whistle blower mechanism.

The Audit and Risk Management Committee met 4 (Four) times during the year viz., May 3, 2017, August 2, 2017, October 31, 2017 and February 7, 2018. The attendance of each Member of the Committee is given below:

Names of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. Nikhil Khattau	Chairman	4	4
Mr. B.S. Nagesh	Member	4	4
Ms. Ameera Shah	Member	4	4

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently comprises of three Directors viz., Mr. B S Nagesh, Mr. Rajendra Mariwala and Mr. Irfan Mustafa. Mr. Harsh Mariwala is the Permanent Invitee to the Committee. The constitution of the Committee meets the requirements as laid down under Section 178 of the Companies Act, 2013 and of Regulation 19 of the Listing Regulations. The Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Committee *inter-alia* includes the following:

1. formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. formulating criteria for evaluation of Independent Directors and the Board;
3. devising a policy on Board diversity;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. framing the Employees Share Purchase Scheme (ESPS) / Employees Stock Option Scheme (ESOS) for the employees of the Company and of its subsidiary companies; and recommending the same to the Board/shareholders for their approval and implementing the Scheme approved by the shareholders and suggesting to Board/shareholders changes in the ESPS/ESOS;
6. framing and implementing, on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors, including ESPS / ESOP, pension rights and any compensation payment;
7. allotment of shares upon exercise of vested options pursuant to the grants under the ESPS / ESOP;
8. any other matter(s) as may be recommended by the Board of Directors.

The Nomination & Remuneration Committee met 4 (Four) times during the year viz., May 3, 2017, August 2, 2017, October 31, 2017 and February 7, 2018. The attendance of each Member of the Committee is given below:

Names of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. B.S. Nagesh	Chairman	4	4
Mr. Rajendra Mariwala	Member	4	4
Ms. Irfan Mustafa	Member	4	4

Remuneration to Executive Director

The Company's Board comprises of only one Executive Director, namely, Mr. Harsh Mariwala, the Chairman & Managing Director of the Company. For FY2017-18, he didn't draw any remuneration or sitting fees.

Remuneration to Non-Executive Directors

No remuneration was paid to the Non-Executive Directors ("NEDs") for the Financial Year ended March 31, 2018. The following table discloses the approved structure for payment to NEDs:

Sr. No.	Particulars	Remuneration
1.	Fixed Remuneration	NIL
2.	Sitting Fees:	
	For Board Meetings and the following Committees of the Board: - Audit and Risk Management Committee - Nomination and Remuneration Committee - Stakeholders' Relationship Committee	₹ 1,00,000 per meeting attended

CORPORATE GOVERNANCE REPORT (Contd.)

Shareholding of Non-Executive Directors

Name of Non-Executive Director	Number of Shares held (As on March 31, 2018)
Mr. Rajendra Mariwala	1,19,543
Ms. Ameera Shah	2,920
Mr. Nikhil Khattau	Nil
Mr. B.S. Nagesh	Nil
Mr. Irfan Mustafa	Nil
Total	**1,22,463**

Performance Evaluation of Directors, Board and its Committees

In terms of applicable provisions of the Companies Act, 2013 and Listing Regulations, the Board of Directors carried out the annual performance evaluation of the Directors including Independent Directors, Committees and the Board as a whole, through means of a structured questionnaire. The questionnaire includes various aspects of functioning of the Board and Committee such as its composition, expertise, information flow, performance of specific duties, governance issues, etc. and performance of individual directors on parameters such as attendance, contribution, expertise and independent judgement. The evaluation result and feedback is collated and reviewed for identifying areas of improvement. The Directors have expressed their satisfaction with the process.

Familiarisation Programme for Directors

The details of the Familiarisation Programme conducted for the Independent Directors enlightening them about their roles, rights, responsibilities in the Company, etc. is disclosed on the Company's website at http://kaya.in/investorrelations/corporate governance.

Meeting of Independent Directors

During the year under review, a separate meeting of the Independent Directors was held on February 7, 2018, in accordance with the provisions of the Companies Act, 2013 and Listing Regulations.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee presently comprises of Mr. Nikhil Khattau, Mr. Rajiv Nair, Chief Executive Officer – Kaya India and Mr. Naveen Duggal, Chief Financial Officer. Mr. Nikhil Khattau is the Chairman of the Committee. Due to the resignation of Mr. Dharmendra Jain, with effect from April 21, 2017, he ceased to be a member of the Committee with effect from that date and Mr. Naveen Duggal was appointed as a member of the Committee w.e.f. August 2, 2017 . The constitution of the Committee meets the requirements as laid down under Section 178 of the Companies Act, 2013 and of Regulation 20 of the Listing Regulations. The Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Stakeholders' Relationship Committee are to specifically look into the redressal of shareholder complaints relating to transfer and transmission of shares, non-receipt of balance sheet, non-receipt of dividends, etc.

The Stakeholders' Relationship Committee met once during the year viz., February 7, 2018. The attendance of each Member of the Committee is given below:

Names of the Member	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. Nikhil Khattau	Chairman	1	1
Mr. Rajiv Nair	Member	1	1
Mr. Naveen Duggal	Member	1	1

Name and designation of Compliance Officer

Ms. Almas Badar was the Company Secretary & Compliance Officer upto November 10, 2017. Subsequently, Ms. Nitika Dalmia was appointed as the Company Secretary & Compliance Officer w.e.f. December 5, 2017.

Status Report of Investors complaints for the year ended March 31, 2018:

No. of Complaints Received - 6

No. of Complaints Resolved - 6

No. of Complaints Pending - NIL

CORPORATE GOVERNANCE REPORT (Contd.)

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending at the end of the year.

OTHER COMMITTEES

A. INVESTMENT, BORROWING AND ADMINISTRATIVE COMMITTEE

The Investment, Borrowing and Administrative Committee was constituted by the Board of Directors at its meeting held on April 28, 2015.

The Committee presently comprises of Mr. Harsh Mariwala, who is the Chairman of the Company, Mr. Rajiv Nair, Chief Executive Officer – Kaya India and Mr. Naveen Duggal, Chief Financial Officer. Mr. Harsh Mariwala is the Chairman of the Committee. Owing to the resignation of Mr. Dharmendra Jain, with effect from April 21, 2017, he ceased to be a member of the Committee and Mr. Naveen Duggal was appointed as a member of the Committee w.e.f. August 2, 2017 . The Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Committee includes, inter alia, to invest, borrow or lend monies and to delegate requisite authority to Company's personnel for administrative/ routine operational matters. The Committee meets at frequent intervals and disposes matters which are of routine but urgent in nature, without having to wait for the next board meeting or resorting of passing of circular resolutions.

B. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As set forth in the Board's Report, the Corporate Social Responsibility Committee was constituted by the Board of Directors at its meeting held on August 3, 2015 as a good corporate governance initiative to determine the applicability of CSR to the Company from time to time. The Corporate Social Responsibility Committee comprises of the following members:

Members	Designation
Mr. Harsh Mariwala	Chairman of the Committee
Mr. B. S. Nagesh	Member
Mr. Rajendra Mariwala	Member

The Company Secretary of the Company is the Secretary of the Committee. The terms of reference of the Committee include, *inter alia*, formulation of a Corporate Social Responsibility Policy, recommendation of the Policy to the Board of Directors of the Company and periodical review of the Policy; recommendation of the amount to be incurred as CSR spend on the activities specified in Schedule VII of the Companies Act, 2013.

●. GENERAL BODY MEETINGS

Annual General Meetings

Date & Time	Venue	Nature of Special Resolutions Passed
September 24, 2015 9:30 a.m.	Dr. R. H. Patil Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	None
August 4, 2016 9:30 a.m.	Dr. R. H. Patil Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	1. Re - Appointment of Mr. Harsh Mariwala as the Chairman and Managing Director of the Company 2. Approval of Kaya Employee Stock Option Plan, 2016 for employees of the Company 3. Approval of Kaya Employee Stock Option Plan, 2016 for employees of the Subsidiaries of the Company
August 2, 2017 4:30 p.m.	Indian Education Society, Manik Sabhagriha, M.D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Bandra (West) Mumbai – 400 050	None

CORPORATE GOVERNANCE REPORT (Contd.)

Extra-Ordinary Annual General Meeting

Date & Time	Venue	Nature of Special Resolutions Passed
February 10, 2015 11:30 a.m.	8th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai – 400 098	Approval for Cancellation and Reduction of the issued, subscribed and paid up Equity share capital of Kaya Limited pursuant to the Scheme of Arrangement between Marico Kaya Enterprises Limited and Kaya Limited and its respective Shareholders and Creditors.

Details of Postal Ballot

No special resolution was required to be passed by the shareholders of the Company through postal ballot during the financial year 2017-18, and there is no proposal to pass any special resolution by postal ballot.

- **DISCLOSURES**

  - There were no material related party transactions entered into by the Company during the financial year 2017-18. The Company has formulated a policy on related party transactions and the said policy is disclosed on the website of the Company at http://kaya.in/investorrelations/corporategovernance.
  - There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.
  - The Board of Directors have established vigil mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our Code of Conduct. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases and no personnel have been denied access to the Audit Committee. The Board and its Audit Committee are informed periodically on the cases reported, if any and the status of resolution of such cases.
  - The Company has formulated a policy for determining the Material Subsidiaries and the policy is disclosed on the website of the Company at http://kaya.in/investorrelations/corporategovernance
  - The Company's Code of Conduct is applicable to all members viz. the employees (whether permanent or not) and members of the Board. The Code of Conduct also suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The Code of Conduct and other governance related information is available on Company's website: www.kaya.in
  - All the members of the Board and the Senior Management have affirmed their compliance with the Code of Conduct as on March 31, 2018 and a declaration to this effect signed by the Chairman & Managing Director has been annexed to this Report.
  - Pursuant to Regulation 34(3) and Schedule V of the Listing Regulations, your Company has obtained a certificate from the Statutory Auditors regarding Compliance of conditions of Corporate Governance and the same is annexed to this Corporate Governance Report.

  Compliance with Discretionary Requirements under Listing Regulations

  - The Company complies with all the mandatory requirements prescribed under the Listing Regulations.
  - The auditors have issued an unmodified opinion on the financial statements of the Company.
  - The office of Chairman cum Managing Director & CEO is held by distinct individuals.
  - The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

- **MEANS OF COMMUNICATION**

  Quarterly and Annual Financial results for the Company are published in an English Financial daily (Free Press Journal) and a regional newspaper (Navshakti).

  The Company communicates all the official news releases and financial results through its website – www.kaya.in. Presentations made to Institutional Investors/ analysts are also hosted on the website for wider dissemination.

  The Annual Report, Quarterly Shareholding Pattern, Intimation of the Board Meetings, Disclosures under Regulation 30 of the Listing Regulations and other quarterly, half yearly and yearly compliances, are duly filed with the Stock

Exchanges through BSE Listing Centre and NSE Electronic Application Processing System (NEAPS) and also disseminated by the Stock Exchanges on their websites, namely; www.bseindia.com and www.nseindia.com.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting		
Date	:	August 3, 2018
Time	:	4:30 p.m.
Venue	:	Indian Education Society, Manik Sabhagriha, M.D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Bandra (West), Mumbai – 400050
Book Closure dates	:	Friday, July 27, 2018 to Friday, August 3, 2018 (both days inclusive).
Dividend payment	:	No dividend was declared/ paid during the year under review.
Financial Year	:	April 01 - March 31
Tentative Schedule for declaration of financial results during the financial year 2018-19		
First Quarter	:	First week of August, 2018
Second Quarter	:	First week of November, 2018
Third Quarter	:	First week of February, 2019
Fourth Quarter	:	First week of May, 2019

Listing Details

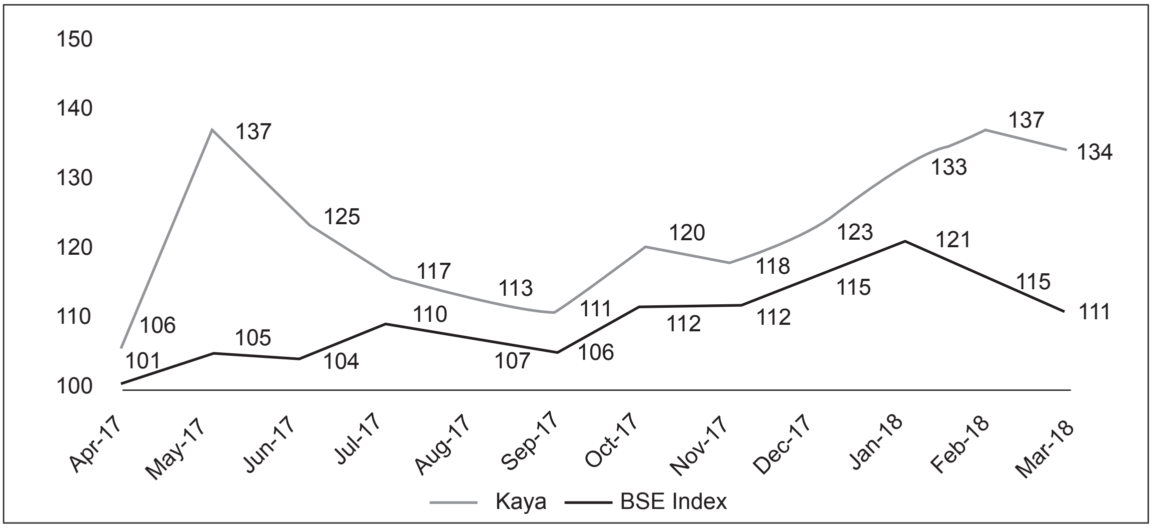
Name of Stock Exchange	Stock/ Scrip Code	Address	Date of Listing
BSE Limited	539276	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, 400001. Phone: 022 2272 1234	August 14, 2015
The National Stock Exchange of India Limited (NSE)	KAYA	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai, 400051. Phone: 022 2659 8100	August 14, 2015
Listing Fees for the financial year 2018-19 have been paid to BSE Limited and National Stock Exchange of India Limited, where the Company's Equity Shares continue to be listed.			
ISIN	INE587G01015		

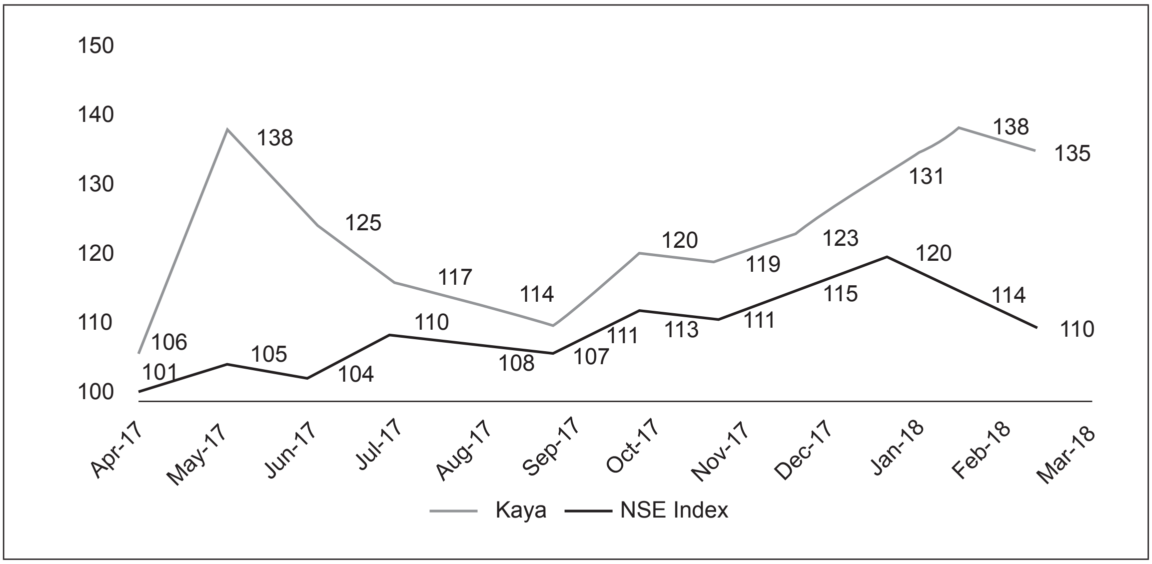
Market Price Data

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April, 2017	901	777	902.60	768
May, 2017	1109	815.7	1110	812.05
June, 2017	1203.3	951.75	1204.90	950.1
July, 2017	1002.8	873.05	1001.35	909.40
August, 2017	926.55	859	930	860
September, 2017	931.5	842.5	935.70	840.4
October, 2017	999.95	849	1000.5	850
November, 2017	965	828.1	967	927.60
December, 2017	980	890.2	980	883.60
January, 2018	1262	950	1263.95	950.05
February, 2018	1134	886	1133	896.55
March, 2018	1095	966.55	1105	963.55

(Source: Compiled from data available on BSE and NSE websites)

Share price performance in comparison to broad-based indices – BSE Sensex and S & P CNX Nifty:





Registrar & Transfer Agents

M/s Link Intime India Private Limited
(Unit: Kaya Limited), C101, 247Park, LBS Marg, Vikhroli (West), Mumbai - 400 083.

Share Transfer System

Transfers in physical form are registered by the Registrar and Share Transfer Agents immediately on receipt of completed documents and certificates are issued within 15 days of date of lodgement of transfer. Invalid share transfers are returned within 15 days of receipt.

All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, generally within 21 days.

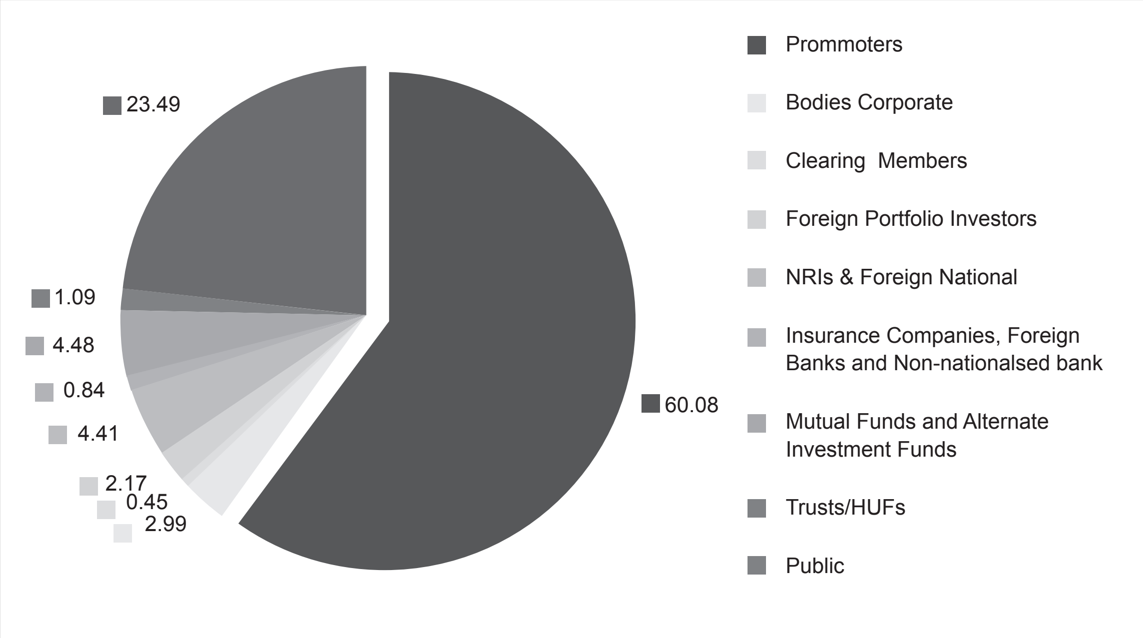
CORPORATE GOVERNANCE REPORT (Contd.)

Distribution of Shareholding as on March 31, 2018

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	25521	94.41	1375267	10.55
501-1000	941	3.48	684587	5.25
1001-2000	295	1.09	425383	3.26
2001-3000	83	0.31	206513	1.58
3001-4000	43	0.16	151328	1.16
4001-5000	32	0.12	148195	1.14
5001-10000	50	0.19	339517	2.61
10001 & above	65	0.24	9700064	74.45
TOTAL	**27030**	**100.00**	**13030854**	**100.00**

Categories of Shareholding as at March 31, 2018

Category	No. of Shares held	% of shareholding
Promoters	7828924	60.08
Bodies Corporate	389054	2.99
Clearing Members	58191	0.45
Foreign Portfolio Investors	282786	2.17
NRIs & Foreign National	575621	4.41
Insurance Companies, Foreign Banks and Non-nationalised banks	110029	0.84
Mutual Funds and Alternate Investment Funds	583882	4.48
Trusts/ HUFs	141807	1.09
Public	3060560	23.49
Total	**13030854**	**100.00**



Dematerialization of Shares and Liquidity

As on March 31, 2018, 99.89% of shareholding was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

CORPORATE GOVERNANCE REPORT (Contd.)

SEBI has decided that securities of listed companies can be transferred only in dematerialised form from a date, to be notified. In view of the same, shareholders who continue to hold shares in physical form are advised to dematerialize their shares at the earliest.

Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and impact on equity

The Company has not issued any GDR / ADR / Warrants or any convertible instruments.

Disclosure of commodity price risk and commodity hedging activities

Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment. Based on materiality, foreign exchange transactions are fully covered with limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially uncovered exchange rate risks in the context of the Company's imports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on March 31, 2018 are disclosed in Notes to the Standalone Financial Statements.

Plant Locations

1. Gat No. 112/2, A/P – Nasarapur, Tal. Bhor, District Pune 412213
2. Survey No. 69/4/2, Village Athal, Silvassa 396230
3. 56, sector IIDC, IIE, Pantnagar, SIDCUL, District Udham Singh Nagar, Uttarakhand – 263 153

Address for Correspondence

Company's Registrar & Transfer Agent:	**General Correspondence:**
M/s Link Intime India Pvt Limited Unit: Kaya Limited C101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083. Tel No.: +91 22 49186000, Fax No.: +91 22 49186060 E-mail : rnt.helpdesk@linkintime.co.in	Company Secretary & Compliance Officer Kaya Limited 23/C, Mahal Industrial Estate, Mahakali Caves Road, Near Paper Box Lane, Andheri (East), Mumbai 400 093 Tel.: 022 – 6619 5000 Fax:022 – 6619 5050 E-mail: investorrelations@kayaindia.net

For and on behalf of the Board,

Harsh Mariwala
Chairman & Managing Director

Place : Mumbai
Date : May 4, 2018

CORPORATE GOVERNANCE REPORT (Contd.)

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. This Code of Conduct is available on the Company's website.

I hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Company.

This certificate is being given pursuant to Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For and on behalf of the Board,

Harsh Mariwala
Chairman & Managing Director

Place : Mumbai
Date : May 4, 2018

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of
Kaya Limited

1. This certificate is issued in accordance with the terms of our agreement dated 3 October 2017.
2. This report contains details of compliance of conditions of corporate governance by Kaya Limited ('the Company') for the year ended 31 March 2018 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

Auditors' Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2018.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Place : Mumbai
Date : 4 May 2018

Independent Auditor's Report

To the Members of Kaya Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Kaya Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (collectively referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 31 March 2018, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated 4 May 2018 expressed an unmodified opinion.

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   (f). With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

   (g). With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 42 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
4 May 2018

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the Members of Kaya Limited ("the Company") on the standalone Ind AS financial statements for the year ended 31 March 2018, we report the following:

(i) (a) The Company has maintained 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, certain fixed assets were physically verified by the Management during the year and no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable properties as disclosed in Note 3 on Property, plant and equipment in the notes to Standalone Ind AS financial statements. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, limited liability partnerships, body corporates, firms or other parties covered in the register required to be maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a),(iii)(b),(iii)(c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act with respect to the investments made during the year. The Company has not provided any security during the year. Accordingly, compliance under Section 186 of the Act in respect of providing securities is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government 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. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, Goods and Service tax, Service tax, Luxury tax, Value added tax, Cess, Duty of excise and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Labour Welfare Fund, Profession tax and Provident fund have generally been regularly deposited during the year by the Company with the appropriate authorities, though there have been slight delays in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Goods and Service tax, Service tax, Luxury tax, Value added tax, Cess, Duty of excise, Employees' State Insurance, Labour Welfare Fund, Profession tax, Provident fund and any other material statutory dues were in arrears as on 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Service tax, Value added tax, Cess and Duty of excise which have not been deposited with the appropriate authorities on account of any dispute except as disclosed below:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	37.46	December 2004 to March 2006	Commisioner or Service Tax
Finance Act, 1994	Service Tax	215.42	April 2008 to March 2012	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	183.92	April 2011 to March 2012	Commissioner of Service Tax
Andhra Pradesh VAT Act, 2005	VAT	53.98	2009-10 to 2011-12	Commercial Tax Officer
Kerala VAT Act, 2003	VAT	12.85	2011-14	Deputy Commissioner of Appeals
Kerala VAT Act, 2003	VAT	4.00	2014-15	Assistant Commissioner
Delhi VAT Act, 2004	VAT	5.14	2009-10	Assistant Commissioner

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institutions, banks or the government nor does it have any dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.

(xiv).According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
4 May 2018

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of the Kaya Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
4 May 2018

STANDALONE BALANCE SHEET AS AT 31 MARCH 2018

(₹ in lakhs)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	4,799.24	4,616.35	4,419.23
Capital work-in-progress		30.27	83.68	153.16
Intangible assets	4	188.59	181.59	163.75
Financial assets				
Investment in subsidiaries	5	9,451.11	4,351.11	4,351.11
Loans	6	503.70	2,004.97	3.78
Security deposits	7	1,060.61	1,155.05	1,117.12
Other financial assets	8	1.08	162.63	16.70
Deferred tax assets	9	2,106.65	2,068.85	1,814.54
Non-current tax assets	10	16.36	32.28	44.62
Other non-current assets	11	622.47	539.45	465.12
Current assets				
Inventories	12	3,376.92	3,357.60	3,653.88
Financial assets				
Loans	13	32.45	1,004.32	3,011.39
Security deposits	14	351.01	234.81	239.44
Investments	15	2,008.30	7,172.70	8,853.98
Trade receivables	16	411.79	236.39	181.01
Cash and cash equivalents	17A	348.69	216.60	173.05
Bank balances other than above	17B	25.85	18.60	-
Others financial assets	18	10.89	134.63	264.11
Other current assets	19	785.96	843.42	662.01
TOTAL ASSETS		**26,131.94**	**28,415.03**	**29,588.00**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	20	1,303.09	1,302.26	1,289.71
Other equity	21	17,505.33	18,704.56	19,800.81
Liabilities				
Non-current liabilities				
Long-term provisions	22	22.65	24.76	23.05
Current liabilities				
Financial liabilities				
Short-term borrowings	23	-	58.95	-
Trade payables	24	1,574.61	1,585.62	1,741.99
Other financial liabilities	25	81.07	172.89	44.59
Short-term provisions	26	225.34	571.15	592.24
Other current liabilities	27	5,419.85	5,994.84	6,095.61
TOTAL EQUITY AND LIABILITIES		**26,131.94**	**28,415.03**	**29,588.00**
Significant accounting policies	2			

The accompanying notes from 1 - 50 are an integral part of these standalone Ind AS financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Note	Year ended 31 March 2018	Year ended 31 March 2017
I	**Income**			
	Revenue from operations	28	20,119.90	19,404.47
	Other income	29	958.26	1,188.87
	Total Income		**21,078.16**	**20,593.34**
II	**Expenses**			
	Cost of materials consumed	30	1,145.14	1,248.34
	Purchases of stock–in–trade		103.87	72.17
	Changes in inventories of finished goods, work–in–progress and stock–in–trade	31	126.85	11.67
	Employee benefits expense	32	5,425.63	5,391.25
	Finance costs	33	10.03	3.37
	Depreciation and amortisation expense	34	1,314.11	1,065.52
	Other expenses	35	14,323.91	14,624.44
	Total expenses		**22,449.54**	**22,416.76**
III	**Loss before tax**		**(1,371.38)**	**(1,823.42)**
IV	**Tax expense**			
	Current tax	10	-	-
	Deferred tax (credit)	9	(37.81)	(254.31)
V	**Loss for the year**		**(1,333.57)**	**(1,569.11)**
VI	**Other Comprehensive Income / (Losses)**			
	Items that will not be reclassified subsequently to profit or loss			
	Remeasurements of net defined benefit plans	45	(16.77)	5.07
	Other Comprehensive Income for the year		**(16.77)**	**5.07**
VII	**Total Comprehensive Income for the year**		**(1,350.34)**	**(1,564.04)**
VIII	**Earnings per equity share of ₹ 10 each:**	46		
	Basic		(10.24)	(12.10)
	Diluted		(10.24)	(12.10)
	Significant accounting policies	2		

The accompanying notes from 1 - 50 are an integral part of these standalone Ind AS financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Rajesh Mehra
Partner
Membership Number: 103145

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

Place: Mumbai
4 May 2018

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
A	**Cash Flow from Operating Activities:**		
	Loss before tax	(1,371.38)	(1,823.42)
	Adjustments for:		
	Depreciation and amortisation expense	1,314.11	1,065.52
	Employee share-based payment expenses	76.40	59.35
	Liabilities written back to the extent no longer required (net)	(365.51)	(18.29)
	Provision for doubtful debts/ written back to the extent no longer required	2.65	(27.45)
	Finance costs	10.03	3.37
	Loss on sale / discarding of fixed assets (net)	7.16	55.81
	Interest income	(88.28)	(295.11)
	Dividend income	-	(1.22)
	Net loss on foreign currency transactions and translation	11.80	9.37
	Net gain on sale of current investments	(379.95)	(654.61)
	Unwinding of discount on security deposits	(123.33)	(113.31)
	Provision for doubtful advances	67.65	-
	Provision for doubtful deposits	21.04	-
	Operating profit before working capital changes	**(817.61)**	**(1,739.99)**
	Changes in working capital:		
	(Increase) / Decrease in Inventories	(19.32)	296.28
	(Increase) / Decrease in Trade and Other Receivables	(178.05)	(27.93)
	(Increase) / Decrease in other assets	(12.31)	(194.45)
	(Increase) / Decrease in security deposits	80.53	80.01
	(Increase) / Decrease in loans	2,473.14	5.88
	(Increase) / Decrease in financial asset	84.38	(42.42)
	Increase / (Decrease) in Other current liabilities	(525.16)	(100.77)
	Increase / (Decrease) in Provisions	(7.56)	(16.42)
	Increase / (Decrease) in Trade and Other Payable	2.17	(147.45)
	Cash outflow from operations	**1,080.22**	**(1,887.26)**
	Direct taxes paid (net of refund)	15.92	**12.34**
	Net Cash Outflow from Operating Activities (A)	**1,096.14**	**(1,874.92)**
B	**Cash Flow from Investing Activities:**		
	Acquisition of property, plant and equipment	(1,571.67)	(1,194.46)
	Proceeds from sale of investments	5,544.35	2,335.89
	Investment in subsidiary	(5,100.00)	-
	Proceeds from sale of property, plant and equipment	7.85	1.81
	Dividend income received	-	1.22
	Interest income received	281.94	302.48
	Net Cash Outflow from Investing Activities (B)	**(837.53)**	**1,446.94**

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
C	**Cash Flow from Financing Activities:**		
	Proceeds from issue of Equity shares	9.11	376.40
	Proceeds from Short-term borrowings	(58.95)	58.95
	Finance cost	(10.03)	(1.26)
	Net Cash Inflow from Financing Activity (C)	**(59.87)**	**434.09**
D	**Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)**	**198.74**	**6.11**
	Cash and cash equivalents at the beginning of the year	149.95	143.84
	Cash and cash equivalents at the close of the year	**348.69**	**149.95**

Reconciliation of cash and cash equivalents as per the cash flow statement	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash and Cash equivalent as per above comprises of the following:			
Cash and cash equivalents (Refer Note 17 A)	348.69	216.60	173.05
Book overdraft (Refer Note 25)	-	(66.65)	(29.21)
Balances as per statement of Cash Flows	**348.69**	**149.95**	**143.84**

Notes:

1. The standalone cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
2. The accompanying notes from 1 - 50 are an integral part of these standalone Ind AS financial statements.
3. Amendement to Ind AS 7

   The amendments to Ind AS 7 Cash Flow Statement requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1 April, 2017 and the required disclosure is made below. There is no other impact on financial statement due to this amendment.

(₹ in lakhs)

	As at 31 March 2017	Cash flows	As at 31 March 2018
Short-term borrowings	58.95	(58.95)	-

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. Equity share capital

(₹ in lakhs)

	Amount
As at 1 April 2016	1,289.71
Changes in equity share capital during the year [Refer Note - 20(a)]	12.55
As at 31 March 2017	**1,302.26**
Changes in equity share capital during the year [Refer Note - 20(a)]	0.83
As at 31 March 2018	**1,303.09**

B. Other equity

(₹ in lakhs)

	Securities premium reserve	Retained earnings	Capital reserve	Share options outstanding account	Items of other comprehensive income	Total
Balance as at 1 April 2016	**21,497.60**	**(4,445.44)**	**2,652.82**	**95.83**	**-**	**19,800.81**
Loss for the year	-	(1,569.11)	-	-	-	(1,569.11)
Receipt on exercise of Employee Stock Option	363.87	-	-	103.92	-	467.79
Transferred from Share options outstanding account to Securities premium	92.38	-	-	(92.38)	-	-
Remeasurements of net defined benefit plans	-	-	-	-	5.07	5.07
Balance as at 31 March 2017	**21,953.85**	**(6,014.55)**	**2,652.82**	**107.37**	**5.07**	**18,704.56**
Loss for the year	-	(1,333.57)	-	-	-	(1,333.57)
Receipt on exercise of Employee Stock Option	8.28	-	-	-	-	8.28
Transferred from Share options outstanding account to Securities premium	32.04	-	-	(32.04)	-	-
Employee stock option charge	-	-	-	142.83	-	142.82
Remeasurements of net defined benefit plans	-	-	-	-	(16.77)	(16.77)
Balance as at 31 March 2018	**21,994.17**	**(7,348.12)**	**2,652.82**	**218.16**	**(11.70)**	**17,505.33**

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Corporate Information

Kaya Limited (hereinafter referred to as ‘the Company’) headquartered in Mumbai, Maharashtra, India, carries on Skin and Hair care business.

The Clinics offer skin and hair care solutions using scientific dermatological procedures and products. The Company also sells skin and hair care products through Kaya standalone stores and third-Party outlets. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange.

These standalone Ind AS financial statements were authorized for issue by the Company’s Board of Directors on 04th May 2018.

1. **Basis of preparation**

   (a) Statement of compliance

   The standalone Ind AS financial statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India. These are the Company’s first Ind AS financial statement. The date of transition to Ind AS is 1 April 2016.

   Up to the financial year ended 31 March 2017, the Company prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included Standards notified under the Companies (Accounting standards) Rules, 2006.

   Details of the Company’s Significant accounting policies are included in Note 2.

   (b) Functional and presentation currency

   These standalone Ind AS financial statements are presented in Indian Rupees (INR), which is the Company’s functional currency.

   All the financial information has been presented in Indian Rupees (INR) and all amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

   (c) Basis of measurement

   The standalone Ind AS financial statements have been prepared on a historical cost basis, except for the following that are measured at fair values at the end of each reporting period: -

   (i) certain financial assets and liabilities and contingent consideration that is measured at fair value; and

   (ii) defined benefit plans - plan assets measured at fair value

   (d) Measurement of fair values

   The Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

   When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

   Fair values are categorised into various levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

   - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at the measurement date;
   - Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
   - Level 3 inputs are unobservable inputs for the assets or liability

   When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(e) First-time adoption:

In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS financial statements include, the opening balance sheet as at 1 April,2016; Balance sheet as at 31 March 2017 and 31 March 2018; two statements each of profit and loss, cash flow and changes in Equity for the year ended 31 March 2017 and 31 March 2018 together with related notes.

The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions or exemptions allowed under Ind AS 101 in the presentation of the opening Ind AS balance sheet.

The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind AS.

(f) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the standalone Ind AS financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and income and expenses that are not readily apparent from other sources.

Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i) ***<u>Estimation of useful life of property, plant and equipment and intangible assets</u>***

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During the period, there was no change in useful lives of property, plant and equipment and intangible assets other than those resulting from store closure /shifting of premises.

The Company at the end of each reporting period, based on external and internal sources of information, assesses indicators and mitigating factors of whether a store (cash generating unit) may have suffered an impairment loss. If it is determined that an impairment loss has been suffered, it is recognised, it is recognised in statement of profit and loss.

ii) ***<u>Estimation of defined benefit obligation</u>***

Provision for employee benefits, gratuity and unpaid leave balance, is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets, etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Notes.

iii) ***<u>Estimation of recognition of current and deferred taxes</u>***

As stated in Note 9, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities, the Company adjudges taxability of amounts in accordance with tax enactment, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

The Company reviews the carrying amount of deferred tax asset at the end of each reporting period. The Policy for the same has been explained in the note 2 (f).

iv) *Inventories*

An Inventory provision is recognised for cases where the realizable value is estimated to be lower than the inventory carrying value. The Inventory provision is estimated considering several factors, including prevailing sales prices of inventory items, the seasonality of the item's sales profile and losses associated with obsolete/slow moving inventory items.

v) ***Point reward scheme***

Customer award credits having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credit's is allocated between the goods and services supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Company at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption /lapse and revenue is accordingly recognised.

vi) ***Provisions and Contingent Liabilities***

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

2. Significant accounting policies

(a) Revenue recognition: -

(i) ***Revenue from Services***

The Company recognises proportionate revenue on consultation and the balance on straight-line basis as the sessions are consumed as based on an internal analysis, management believes revenue recognition is in line with the effort for the services provided to the customer.

Income from services is recognised net of discounts and indirect tax (service tax or Goods and Service Tax).

(ii) ***Revenue from Products***

Sale of products is recognised on delivery, which is when risks and rewards of ownership pass to the customers, and are recorded net of trade discounts, Indirect tax (Goods and Service tax, sales tax and value added tax).

(iii) ***Point award schemes***

The fair value of the consideration on sale of goods that result in award credits for customers, under the Company's Point award schemes, is allocated between the goods supplied and services sold, and the awards credits granted.

The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and is recognised as revenue on redemption and/or expected redemption after expiration period.

(iv) ***Interest Income or Expense***

Interest income or expense is accounted basis effective interest rate. The 'effective Interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets, or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the assets (when the assets are not credit-impaired) or to the amortised cost of the liability.

However, for financial asset's that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(v) ***Dividend Income***

Dividend income is recognised when the right to receive dividend is established.

(b) Leases: -

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(c) Inventories

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realisable value. However, these items are realisable at cost if the finished products in which they will be used are expected to be sold at or above cost. Finished goods, stock-in-trade and work-in-progress are valued at lower of cost and net realizable value. Cost is ascertained on weighted average method and in case of finished products and work-in-progress; it includes appropriate production overheads and duties.

(d) Employee benefits

(i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on independent actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements because of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment benefits

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Gratuity liability is covered by payment thereof to Gratuity fund, the defined benefit plan under Kotak Fund. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee stock options

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and nonmarket performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

(a) when the Company can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(e) Provisions

Provisions for legal claims, service warranties are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(f) Income tax: -

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(i) Current tax: -

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax ('MAT') under the provision of Income tax Act,1961 is recognised as current tax in the statement of profit and loss. MAT paid in accordance with the laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is a convincing evidence that the company will pay normal tax.

Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and included under Deferred tax assets.

Current tax assets and liabilities are offset only if, the Company:

1. has a legally enforceable right to set off the recognised amounts; and
2. intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Deferred tax: -

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognized or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(g) Impairment of non-financial assets: -

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Cash and cash equivalents: -

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within other current financial liabilities in the balance sheet.

(i) Financial instruments: -

Recognition and initial measurement: -

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

i) Financial assets

Classification

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or
2. The Company has transferred its rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.
3. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
4. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

i. Trade receivables which do not contain a significant financing component.

   The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

   For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

   However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ii. Financial liabilities

Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognised initially at fair value.

The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts.

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Derecognition: -

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(j) Property, plant and equipment: -

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure: -

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS: -

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value: -

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Asset	Life of Assets
Computer hardware, related peripherals, etc.	3 Years
Technologically advanced machineries	2-7 Years
Other plant and equipment	2-9 Years
Furniture and fixtures (including leasehold improvements)	9 years

The useful lives have been determined based on technical evaluation done by the management's internal expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(k) Intangible assets: -

Computer software: -

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Amortisation methods and periods: -

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Computer software 3 years

Transition to Ind AS: -

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets.

(l) Trade and other payables: -

These amounts represent liabilities for goods and services provided to the Company prior to the end of fiscal year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Contributed equity: -

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Earnings per share: -

(i) Basic earnings per share: -

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the fiscal year

(ii) Diluted earnings per share: -

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(o) Statement of cash flows

The Company's statement of cash flows is prepared using the Indirect method, whereby profit for the period is adjusted for the effect of transaction of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts and cash credit facility that form an integral part of the Company's cash management.

(p) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted in the IND AS financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

(q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker, consists of the Managing Director and Chairman of the Company. Refer Note 44 for segment information presented.

(r) Current/ non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is expected to be realised within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- the Company does not have an unconditional right to defer settlement of the liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for current – non-current classification of assets and liabilities.

(s) Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

All foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

3. Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules 2018, notifying Ind AS 115, Revenue from Contracts with Customers, Appendix to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are applicable to the Company from 1 April 2018. The Company will be adopting the amendments from their effective date.

(a) Ind AS 115, Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognise that demonstrates the transfer of promised goods and services to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

The Company is in the process of evaluating the impact of application of this Standard on the financial statements.

(b) Appendix to Ind AS 21, Foreign currency transaction and advance consideration

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipt in advance, then an entity must determine transaction date for each payment or receipt of advance consideration.

The Company is in the process of evaluating the impact of the Appendix on the financial statements.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Note 3 - Property, plant and equipment

(₹ in lakhs)

	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Office equipment	Total
Year ended 31 March 2017					
Gross carrying amount					
Deemed cost as at 1 April 2016	1,024.30	2,532.83	782.16	79.94	4,419.23
Additions during the year	337.12	638.80	276.01	30.66	1,282.59
Disposals during the year	17.40	3.52	36.89	(0.19)	57.62
Closing gross carrying amount	**1,344.02**	**3,168.11**	**1,021.28**	**110.79**	**5,644.20**
Accumulated depreciation					
Depreciation charge for the year	159.94	690.76	147.39	29.76	1,027.85
Disposals during the year	-	-	-	-	-
Closing accumulated depreciation	**159.94**	**690.76**	**147.39**	**29.76**	**1,027.85**
Net carrying amount as at 31 March 2017	**1,184.08**	**2,477.35**	**873.89**	**81.03**	**4,616.35**
Year ended 31 March 2018					
Opening gross carrying amount	1,344.02	3,168.11	1,021.28	110.79	5,644.20
Additions during the year	371.01	903.19	177.89	12.52	1,464.61
Disposals during the year	46.30	135.26	174.14	15.62	371.32
Closing gross carrying amount	**1,668.73**	**3,936.04**	**1,025.03**	**107.69**	**6,737.49**
Accumulated depreciation					
Opening accumulated depreciation	159.94	690.76	147.39	29.76	1,027.85
Depreciation charge for the year	274.94	750.76	210.36	30.65	1,266.71
Disposals during the year	46.11	125.94	168.65	15.61	356.31
Closing accumulated depreciation	**388.77**	**1,315.58**	**189.10**	**44.80**	**1,938.25**
Net carrying amount as at 31 March 2018	**1,279.96**	**2,620.46**	**835.93**	**62.89**	**4,799.24**

Notes:

(a) Refer Note 42(c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(b) Capital work-in-progress mainly comprises capital expenditure incurred towards construction of clinics and stores of the Company/ towards machinery to be installed at various locations.

(c) Table showing movement from Gross block to Deemed cost as on 1 April 2016

	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Office equipment	Total
Gross block as on 1 April 2016	1,247.03	8,986.19	2,234.78	491.99	12,959.99
Accumulated depreciation as on 1 April 2016	222.73	6,453.36	1,452.62	412.05	8,540.76
Deemed cost as on 1 April 2016	**1,024.30**	**2,532.83**	**782.16**	**79.94**	**4,419.23**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Computer Software	Total
4.	**Intangible assets**		
	Year ended 31 March 2017		
	Gross carrying amount		
	Deemed cost as at 1 April 2016	163.75	163.75
	Additions during the year	55.51	55.51
	Disposals during the year	-	-
	Closing gross carrying amount	**219.26**	**219.26**
	Accumulated depreciation		
	Depreciation charge for the year	37.67	37.67
	Closing accumulated depreciation	**37.67**	**37.67**
	Net carrying amount as at 31 March 2017	**181.59**	**181.59**
	Year ended 31 March 2018		
	Opening gross carrying amount	219.26	219.26
	Additions during the year	54.40	54.40
	Disposals during the year	0.41	0.41
	Closing gross carrying amount	**273.25**	**273.25**
	Accumulated depreciation		
	Opening accumulated depreciation	37.67	37.67
	Depreciation charge for the year	47.40	47.40
	Disposals during the year	0.41	0.41
	Closing accumulated depreciation	**84.66**	**84.66**
	Net carrying amount as at 31 March 2018	**188.59**	**188.59**

(a) Table showing movement from Gross block to Deemed cost as on 1 April 2016

	Computer software	Total
Gross block as on 1 April 2016	431.78	431.78
Accumulated depreciation as on 1 April 2016	268.03	268.03
Deemed cost as on 1 April 2016	**163.75**	**163.75**

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
5.	**Investment in subsidiaries**			
	Investments in equity instruments (fully paid - up)			
	Unquoted, at cost			
	In wholly owned Subsidiary companies			
	KME Holdings Pte Limited 19,480,708 (31 March 2017 : 8,842,410 ; 1 April 2016: 8,842,410) equity shares of 1 SGD each, fully paid	9,442.41	4,342.41	4,342.41
	Kaya Middle East DMCC 50 (31 March 2017 :50 ; 1 April 2016: 50) equity shares of AED 1,000 each, fully paid	8.70	8.70	8.70
	Total	**9,451.11**	**4,351.11**	**4,351.11**
	Aggregate amount of unquoted investments	**9,451.11**	**4,351.11**	**4,351.11**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
6.	**Loan deposits - Non-current**			
	Inter corporate deposit	-	2,000.00	-
	Loans to employees	-	4.97	3.78
	Loans to related parties	503.70	-	-
	Total	**503.70**	**2,004.97**	**3.78**
7.	**Security deposits - Non-current**			
	Security deposits	1,081.65	1,155.05	1,117.12
	Less : Provision for doubtful deposits	(21.04)	-	-
	Total	**1,060.61**	**1,155.05**	**1,117.12**
8.	**Other non-current financial assets (Unsecured, considered good)**			
	Term deposits with banks with maturity period more than 12 months @	1.08	26.37	15.54
	Interest accrued on term deposits with banks	-	0.96	1.16
	Interest accrued on inter corporate deposits	-	135.30	-
	Total	**1.08**	**162.63**	**16.70**

@ Term deposits with bank's include ₹ 1.08 lakhs (31 March 2017 - ₹ 2.88 lakhs ; 1 April 2016: ₹ 0.72 lakhs) deposited with sales tax authorities and ₹ Nil (31 March 2017 - ₹ 23.49 lakhs ; 1 April 2016: ₹ 14.82 lakhs) held as lien by bank against guarantees issued on behalf of the Company.

(₹ in lakhs)

			Year ended 31 March 2018	Year ended 31 March 2017
9.	**Deferred tax assets**			
A.	**The major components of income tax expense for the year are as under:**			
	(i)	**Income tax recognised in the Statement of Profit and loss**		
		Current tax		
		In respect of current year	-	-
		Adjustments in respect of previous year	-	-
		Deferred tax		
		In respect of current year	(37.81)	(254.31)
		Income tax recognised in the Statement of Profit and loss	**(37.81)**	**(254.31)**
	(ii)	**Income tax expense recognised in OCI**		
		Deferred tax	-	-
		Deferred tax (expense)/benefit on net fair value gain on investments in debt instruments through NCI	-	-
		Deferred tax (expense) on remeasurement benefits of defined benefit plans	-	-
		Income tax (expense) recognised in OCI	-	-

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
B.	**Reconciliation of tax expense and the accounting profit for the year is as under:**		
	Loss before tax	(1,371.38)	(1,823.41)
	Income tax expense calculated at 30.90%	(423.76)	(563.43)
	Tax effect on non - deductible expenses	(0.50)	3.15
	Effect of income tax losses for which no deferred income tax was recognised	181.84	291.19
	Others on account of liability reversal, fair valuation, etc.	204.61	14.79
	Total Income tax (credit)	**(37.81)**	**(254.31)**

C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

As at 31 March 2018

	Balance Sheet	Profit and loss	OCI	Balance Sheet
	1 April, 2017	**For year ended 31 March 2018**	**For year ended 31 March 2018**	**31 March 2018**
Difference between written down value/ capital work in progress of fixed assets as per books of accounts and Income tax Act, 1961	922.51	6.43	-	916.08
As at 31 March 2018				
Provision for doubtful debts	0.49	0.49	-	0.00
Depreciation impact including unabsorbed depreciation brought forward and for current year	941.28	(179.32)	-	1,120.60
Others	204.57	134.59	-	69.97
Deferred tax (credit)		**(37.81)**	**-**	
Net Deferred tax assets	**2,068.85**			**2,106.65**

As at 31 March 2017

	Balance Sheet	Profit and loss	OCI	Balance Sheet
	1 April 2016	**For year ended 31 March 2017**	**For year ended 31 March 2017**	**31 March 2017**
Difference between written down value/ capital work in progress of fixed assets as per books of accounts and Income tax Act, 1961	998.81	76.30	-	922.51
Provision for doubtful debts	8.97	8.48	-	0.49
Depreciation impact including unabsorbed depreciation brought forward and for current year	518.49	(422.79)	-	941.28
Others	288.27	83.70	-	204.57
Deferred tax (credit)		**(254.31)**	**-**	
Net Deferred tax assets	**1,814.54**			**2,068.85**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

As at 1 April 2016

	Balance Sheet 1 April 2016
Difference between written down value/capital work in progress of fixed assets as per books of accounts and Income tax Act, 1961	998.81
Provision for doubtful debts	8.97
Depreciation impact including unabsorbed depreciation brought forward and for current year	518.49
Others	288.27
Net Deferred tax assets	**1814.54**

As at 31 March 2018, 31 March 2017 and 1 April 2016, the Company has recognied deferred tax assets on unabsorbed depreciation and other items of deferred tax assets on the basis of reasonable certainty that the same will be utilised against taxable profits in future. The Company has not recognised deferred tax assets on carried forward business losses as it is not probable that future taxable profit will be available in near future to absorb such losses.

As at 31 March 2018, 31 March 2017 and 1 April 2016, there are no deferred tax liabilities.

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	Tax Losses			
	Unused tax losses for which no deferred tax asset has been recognised	5,002.86	4,414.38	3,472.01
	Potential tax benefit @ 30.9%	1,545.88	1,364.04	1,072.85
10.	**Non-Current tax assets**			
	Balance at the beginning of the year	32.28	44.62	21.18
	Add: Taxes paid during the year	5.96	29.44	23.44
	Less: Refund received during the year	21.88	41.78	-
	Balance at the end of the year	**16.36**	**32.28**	**44.62**

The Company has not made any provision for current tax for the year in view of assessable loss under Income-tax Act, 1961.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
11.	**Other non-current assets (Unsecured, considered good)**			
	Capital advances	175.07	94.17	77.47
	Prepaid expenses	436.49	373.14	374.81
	Balances with Government Authorities	10.91	72.14	12.84
	Total	**622.47**	**539.45**	**465.12**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
12.	**Inventories**			
	Refer note 2(c) for valuation			
	Stores, spares and consumables	1,895.50	1,712.84	2,108.07
	Raw materials	354.49	416.43	374.93
	Packing materials	379.98	354.53	285.41
	Work-in-process#	43.26	44.40	6.84
	Finished goods#	656.39	785.03	857.55
	Stock-in-trade#	47.30	44.37	21.08
	Total	**3,376.92**	**3,357.60**	**3,653.88**

Includes Skin and Hair care products

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-down of inventories amounted to ₹ 16.97 lakhs as at 31 March 2018, ₹ 65.96 lakhs as at 31 March 2017 and ₹ 7.65 lakhs as at 1 April 2016. These write-down were recognised as an expense in the Statement of Profit and Loss.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
13.	**Loans - Current**			
	(Unsecured, considered good)			
	Inter corporate deposit	-	1,000.00	3,000.00
	Loans to employees	32.45	4.32	11.39
	Total	**32.45**	**1,004.32**	**3,011.39**
14.	**Security deposits - Current**			
	(Unsecured, considered good)			
	Security deposits	351.01	234.81	239.44
	Total	**351.01**	**234.81**	**239.44**
15.	**Investments**			
	Investment in mutual funds at fair value through Statement of Profit and Loss			
	Quoted			
	Reliance Corporate Bond Fund - Growth	1,746.85	1,641.23	-
	12,465,815 (31 March 2017 : 12,465,815 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid			
	HDFC Short Term Plan-Reg-Growth	-	1,593.71	-
	Nil (31 March 2017 : 4,917,369 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid			-
	ICICI Prudential Money Market Fund-Growth	221.38	380.17	-
	92,426 (31 March 2017 : 169,431 ; 1 April 2016 : NIL) Units of ₹ 100 each fully paid			

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Invesco India Medium Term Bond Fund - Growth Nil (31 March 2017 : 91,578 ; 1 April 2016 : Nil) Units of ₹ 1,000 each fully paid	-	1,518.66	-
Kotak Bond-Short Term-Growth Nil (31 March 2017 : 5,055,363 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid	-	1,553.82	-
UTI Money Market Fund-IP-Growth Nil (31 March 2017 : 26,701 ; 1 April 2016 : Nil) Units of ₹ 1,000 each fully paid	-	485.11	-
Edelweiss Liquid Fund - Super Institutional plan daily dividend Nil (31 March 2017 : 0.4 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid	-*	-*	-
SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 39,184) Units of ₹ 1,000 each fully paid	-	-	1,006.01
DHFL Pramerica Low Duration Fund - Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 7,357,120) units of ₹ 10 each fully paid	-	-	1,502.32
HDFC Liquid Fund-Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 1,379) Units of ₹ 1,000 each fully paid	-	-	41.17
ICICI Prudential FMP Series 78-95 Days-Plan K-Cumulative Nil (31 March 2017 : Nil ; 1 April 2016 : 15,000,000) Units of ₹ 10 each fully paid	-	-	1,516.83
Kotak Liquid Scheme Plan A-Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 3,915) Units of ₹ 1,000 each fully paid	-	-	120.18
Reliance Medium Term Fund - Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 4,791,054) Units of ₹ 10 each fully paid	-	-	1,503.65

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Religare Invesco Medium Term Bond Fund - Growth	-	-	1,503.29
Nil (31 March 2017: Nil ; 1 April 2016 : 98,557) Units of ₹ 1,000 each fully paid			
SBI Magnum Insta Cash Fund -Regular Plan-Growth	-	-	156.85
Nil (31 March 2017 : Nil ; 1 April 2016 : 4,690) Units of ₹ 1,000 each fully paid			
UTI Floating Rate Fund-STP-Reg-growth	-	-	1,503.68
Nil (31 March 2017 : Nil ; 1 April 2016 : 61,445) Units of ₹ 1,000 each fully paid			
SBI Premier Liquid Fund - Reg - Growth	40.07	-	-
1,475 (31 March 2017 : Nil , 1 April 2016 : Nil) Units of ₹ 1,000 each fully paid			
Total	**2,008.30**	**7,172.70**	**8,853.98**
Aggregate amount of unquoted investments	**2,008.30**	**7,172.70**	**8,853.98**
Market value/ Net asset value of unquoted investments	**2,008.30**	**7,172.70**	**8,853.98**

* Amount is below rounding off norms of the Company. (₹ 4.00)

16. Trade Receivables			
Receivables from related parties [Refer Note 40]	44.66	32.83	33.18
Other trade receivables	369.78	205.17	176.88
Less: Allowance for doubtful debts	(2.65)	(1.61)	(29.05)
Total receivables	**411.79**	**236.39**	**181.01**
Current portion	411.79	236.39	181.01
Non-current portion	-	-	-
Break-up of security details			
Unsecured, considered good	411.79	236.39	181.01
Unsecured, considered doubtful	2.65	1.61	29.05
Total	**414.44**	**238.00**	**210.06**
Allowance for doubtful debts	(2.65)	(1.61)	(29.05)
Total	**411.79**	**236.39**	**181.01**

Note:

For credit risk and provision for loss allowance - Refer Note 38 (A)

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
17.	**Cash and cash equivalents**			
	(A) Cash and cash equivalents			
	Balances with Banks			
	In current accounts	258.97	144.55	115.28
	Cash on hand	89.72	67.13	57.77
	Cheques on hand	-	4.92	-
		348.69	**216.60**	**173.05**
	(B) Other bank balances with Banks			
	Term deposit with a bank with maturity more than three months but less than twelve months	25.85	18.60	-
		25.85	**18.60**	**-**
	Total	**374.54**	**235.20**	**173.05**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
18.	**Other current financial assets**			
	(Unsecured, considered good)			
	Interest accrued on inter corporate deposits	-	67.32	209.79
	Interest receivable from related party [Refer Note 40]	9.92	-	-
	Others	0.97	67.31	54.32
	Total	**10.89**	**134.63**	**264.11**
19.	**Other current assets**			
	Advances to suppliers	290.58	296.20	242.60
	Less: Provision for doubtful advances	(67.65)	-	-
		222.93	**296.20**	**242.60**
	Balances with Government Authorities	250.21	62.89	104.18
	Prepaid expenses	63.94	144.83	192.27
	Amounts receivable from related parties [Refer Note 40]	142.14	339.50	122.96
	Other assets (including interest receivable of ₹ 10.29 lakhs on Income - tax matters)	106.74	-	-
	Total	**785.96**	**843.42**	**662.01**
20	**Equity share capital**			
	Authorised			
	34,000,000 (31 March 2017 : 34,000,000 ; 1 April 2016: 34,000,000) equity shares of ₹ 10 each	3,400.00	3,400.00	3,400.00
	Issued, subscribed and fully paid up			
	13,030,854 (31 March 2017 : 13,022,564 ; 1 April 2016: 12,897,100) equity shares of ₹10 each fully paid up	1,303.09	1,302.26	1,289.71
		1,303.09	**1,302.26**	**1,289.71**

		As at 31 March 2018		As at 31 March 2017	
		No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
a)	**Reconciliation of number of equity shares**				
	Equity Shares:				
	Balance as at the beginning of the year	13,022,564	1,302.26	12,897,100	1,289.71
	Add: Shares issued during the year under Employee Stock Option plan [Refer Note 41]	8,290	0.83	125,464	12.55
	Balance as at the end of the year	**13,030,854**	**1,303.09**	**13,022,564**	**1,302.26**

b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 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.

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	%	No. of shares	%	No. of shares
Harish C Mariwala with Kishore V Mariwala (As representative of Valentine Family Trust)	11.26%	1,467,520	11.27%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Aquarius Family Trust)	11.26%	1,467,520	11.27%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Taurus Family Trust)	11.26%	1,467,520	11.27%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Gemini Family Trust)	11.26%	1,467,520	11.27%	1,467,520

21. Other equity

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital Reserve			
Balance as at the beginning of the year	2,652.82	2,652.82	2,652.82
Balance as at the end of the year	2,652.82	2,652.82	2,652.82
Securities premium reserve			
Opening balance	21,953.85	21,497.60	21,497.60
Add: Transferred from Share Options Outstanding Account	32.04	92.38	-
Add: Receipt on exercise of Employee Stock option	8.28	363.87	-
Closing balance	21,994.17	21,953.85	21,497.60
Share Options Outstanding Account			
Opening balance	107.37	95.83	95.83
Less: Transferred to Securities premium reserve	(32.04)	(92.38)	-
Add: Compensation for employee stock option granted	142.83	103.92	-
Closing balance	218.16	107.37	95.83

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Retained earnings			
Opening balance	(6,009.47)	(4,445.44)	(4,445.44)
Loss for the year	(1,333.57)	(1,569.11)	-
Remeasurements of defined benefit plan (net)	(16.77)	5.07	
Closing balance	(7,359.81)	(6,009.48)	(4,445.44)
Total	**17,505.33**	**18,704.56**	**19,800.81**

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

Share Options Outstanding Account

The Company has established various equity-settled share-based payment plans for certain categories of employees of the Company. Refer Note 41 for further details on these plans.

Capital reserve

Capital reserve is created in Financial year 2014-15 at time of Amalgamation of Marico Kaya Enterprises Limited('MaKE') with the Company.

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
22.	**Long term provisions**			
	Provision for site restoration [Refer Note 26 (i)]	22.65	24.76	23.05
	Total	**22.65**	**24.76**	**23.05**
23.	**Short-term borrowings**			
	Loans repayable on demand			
	Secured			
	Cash credit facility [Refer Note below]	-	58.95	-
	Total	**-**	**58.95**	**-**

Note: Cash credit facility from a bank is secured by first and exclusive hypothecation charge on all existing and future receivables and current assets and second pari passu hypothecation charge on all existing and future moveable fixed assets of the Company. This cash credit facility carries interest rate at 6 month MCLR plus 1.95%.

The carrying amount of assets hypothecated / mortgaged as security for short-term borrowings are:

(₹ in lakhs)

Particular	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
First and exclusive hypothecation charge on all existing and future receivables and current assets			
Inventories	-	3,357.60	-
Trade receivables	-	236.39	-
Current assets other than inventories and trade receivables	-	17,838.29	-
	-	**21,432.28**	**-**
Second pari passu hypothecation charge on all existing an future moveable fixed assets			
Property, plant and equipment excluding leasehold improvements	-	3,432.27	-
	-	**3,432.27**	**-**
Total	**-**	**24,864.55**	**-**

24 Trade payables

Due to Micro, Small and Medium Enterprises [Refer Note below]	-	-	-
Due to related parties [Refer Note 40]	79.08	38.73	84.72
Due to Others	1,495.53	1,546.89	1,657.27
Total	**1,574.61**	**1,585.62**	**1,741.99**

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

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 due and payable towards suppliers registered under MSMED Act for payments already made.	-	-	-
Further interest remaining due and payable for earlier years.	-	-	-
Total	**-**	**-**	**-**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
25.	**Other current financial liabilities**			
	Book overdraft	-	66.65	29.21
	Capital creditors	81.07	106.24	15.38
	Total	**81.07**	**172.89**	**44.59**
26.	**Short term provisions**			
	Provision for employee benefits [Refer Note 45]			
	Provision for compensated absences	149.42	172.10	150.82
	Provision for gratuity	69.12	53.49	94.66
	Other provisions			
	Provision for site restoration [Refer Note (i) below]	6.80	5.20	6.40
	Other provisions [Refer Note (ii) below]	-	340.36	340.36
	Total	**225.34**	**571.15**	**592.24**

		31 March 2018	31 March 2017
(i)	**Provision for site restoration cost:**		
	Balance at the beginning of the year	29.96	29.45
	Add: Additions during the year	0.40	-
	Add: Interest recognised during the year	-	2.10
	Less: Provision utilised/written back during the year	(0.91)	(1.59)
	Balance at the end of the year	**29.45**	**29.96**
	Classified as Non-current:	22.65	24.76
	Classified as current:	6.80	5.20
	Total	**29.45**	**29.96**

The Company uses various leased premises. 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. Provision written back during the previous year represents site restoration cost written back due to revision in estimated probable liability towards restoration of leased premises.

(ii) 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.

	31 March 2018	31 March 2017
Balance at the beginning of the year	340.36	340.36
Add: Amounts provided during the year	-	-
Less: Liabilities written back during the year related to a statutory matter	(340.36)	-
Balance at the end of the year	**-**	**340.36**

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
27	**Other current liabilities**			
	Advance from customers	4,814.23	5,333.10	5,121.33
	Statutory dues payable	162.66	205.51	170.07
	Employee benefits payable	344.69	369.92	718.54
	Others	98.27	86.31	85.67
	Total	**5,419.85**	**5,994.84**	**6,095.61**

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017
28.	**Revenue from operations**		
	Sale of services #	16,031.39	15,708.97
	Sale of products #	4,088.03	3,694.63
	Other operating revenue	0.48	0.87
	Total	**20,119.90**	**19,404.47**
	# Skin and Hair care prodicts and services		
29.	**Other income**		
	Interest income on:		
	Bank deposits	59.68	291.87
	Income tax refund	11.84	2.93
	Others	16.76	0.31
		88.28	295.11
	Unwinding of discount on security deposits	123.33	113.31
	Net gain on sale of current investments (including fair value (gain)/ loss 31 March 2018 - (₹ 93.28) lakhs ; 31 March 2017 - ₹ 8.16 lakhs)	379.95	654.61
	Fees for corporate guarantee [Refer Note 40]	25.49	74.52
	Liabilities written back to the extent no longer required (net)	340.36	18.29
	Provision for doubtful debts written back to the extent no longer required	-	27.45
	Other miscellaneous income	0.85	4.36
	Dividend income on current investments	-	1.22
	Total	**958.26**	**1,188.87**
30.	**Cost of materials consumed**		
	Raw materials consumed	568.04	633.56
	Packing materials consumed	577.10	614.78
	Total	**1,145.14**	**1,248.34**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017
31.	**Changes in inventories of finished goods, work–in–process and stock–in–trade**		
	Opening inventories	785.03	857.55
	Finished goods	44.40	6.84
	Work-in-progress	44.37	21.08
	Stock-in-trade	**873.80**	**885.47**
	Closing inventories	656.39	785.03
	Finished goods	43.26	44.40
	Work-in-progress	47.30	44.37
	Stock-in-trade	**746.95**	**873.80**
	Total changes in inventories of finished goods, work–in–process and stock–in–trade - Decrease	**126.85**	**11.67**

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
32.	**Employee benefits expense**		
	Salaries, wages and bonus	4,612.83	4,627.49
	Staff welfare expenses	429.98	411.74
	Contribution to provident and other funds (Refer Note 45)	268.11	253.64
	Employee stock option charge (Refer Note 41)	76.40	59.35
	Defined benefit expense (Refer Note 45)	38.31	39.03
	Total	**5,425.63**	**5,391.25**
33.	**Finance costs**		
	Loan processing fees	8.85	-
	Interest on site restortion	1.16	2.93
	Interest on short-term borrowings	0.02	0.44
	Total	**10.03**	**3.37**
34.	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment	1,266.71	1,027.85
	Amortisation on intangible assets	47.40	37.67
	Total	**1,314.11**	**1,065.52**
35.	**Other expenses**		
	Consumption of consumables and stores and spare parts (includes liabilities written back of ₹ 23.64 lakhs)	2,858.00	3,227.77
	Electricity and water expenses	336.54	324.51
	Rent	3,545.94	3,471.26
	Contract labour charges	366.36	344.36
	Payments to consultants	2,095.21	2,060.30
	Contract manufacturing charges	181.41	315.25
	Repairs to:		
	Plant and machinery	76.10	68.51
	Building	969.02	952.67
	Others	407.24	364.23
		1,452.36	1,385.41

(₹ in lakhs)

	Year ended 31 March 2018	Year ended 31 March 2017
Insurance	30.47	33.92
Rates and taxes	141.83	157.89
Travelling, conveyance and vehicle expenses	295.83	351.56
Auditors' remuneration*:		
Statutory audit fees	26.00	29.57
Tax audit fees	1.00	2.59
Other services	4.50	2.67
Out of pocket expenses	2.10	1.09
	33.60	35.92
Legal and professional charges	363.64	310.80
Printing, stationery and communication expenses (includes liabilities written back of ₹ 1.53 lakhs)	263.85	278.76
Bank charges	201.06	188.11
Directors sitting fees [Refer Note 40]	45.06	42.21
Advertisement and sales promotion	1,768.00	1,684.86
Freight forwarding and distribution expenses	15.99	15.59
Net loss on foreign currency transactions and translation	11.80	9.37
Loss on sale / discarding of fixed assets (net)	7.16	55.81
Provision for doubtful advances	67.65	-
Provision for doubtful deposits	21.04	-
Miscellaneous expenses	221.11	330.78
Total	**14,323.91**	**14,624.44**

* Amount for previous year pertains to erstwhile auditor.

36. First-time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1 April, 2017, with a transition date of 1 April 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS standalone financial statements for the year ended 31 March 2018, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional Exemptions

i. Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

ii. **Share-based payment transactions**

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to:

(i) equity instruments that vested before the date of transition to Ind AS,

(ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS.

The Company has availed this exemption and has not applied fair value to the equity instruments and liabilities that were vested and settled before the date of transition to Ind AS.

iii. **Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company has elected to apply Ind AS 103 prospectively to business combination occuring after its transition date. Business combinations occuring prior to transition date have not been restated.

B. Mandatory Exceptions

i. **Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

ii. **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances existing at the transition date.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

i. Reconciliation of Balance Sheet as at 1 April 2016 (Transition Date).

ii. Reconciliation of Balance Sheet as at 31 March 2017 and reconciliation of Statement of Profit and Loss for the year ended 31 March 2017.

iii. Reconciliation of Equity as at 1 April 2016 and 31 March 2017.

iv. Reconciliation of Statement of Cash Flows

The presentation requirements under previous GAAP differ from Ind AS and hence previous GAAP information has been regrouped to bring it in line with Ind AS. The regrouped previous GAAP information is derived from the Standalone Financial Statements of the Company prepared in accordance with the previous GAAP.

(₹ in lakhs)

		Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
I.	**Reconciliation of Balance sheet as at 1 April 2016**				
	ASSETS				
	Non-current assets				
	Property, plant and equipment		4,419.23	-	4,419.23
	Intangible assets		163.75	-	163.75
	Capital work-in-progress		153.16	-	153.16
	Investment in subsidiaries		4,351.11	-	4,351.11
	Financial assets				
	Loans		3.78	-	3.78
	Security deposits	b	1,538.75	(421.63)	1,117.12
	Other financial assets		16.70	-	16.70
	Deferred tax assets (Net)	h	-	1,814.54	1,814.54
	Non-current tax assets		44.62	-	44.62
	Other non-current assets	b	125.81	339.31	465.12
	Current assets				
	Inventories		3,653.88	-	3,653.88
	Financial assets				
	Loans		3,011.39	-	3,011.39
	Security deposits	b	356.10	(116.66)	239.44
	Trade receivables		181.01	-	181.01
	Cash and cash equivalents		173.05	-	173.05
	Investments	a	8,823.65	30.33	8,853.98
	Other financial assets		264.11	-	264.11
	Other current assets	b, e	547.89	114.12	662.01
	TOTAL ASSETS		**27,827.99**	**1,760.01**	**29,588.00**
	EQUITY AND LIABILITIES				
	Equity				
	Equity share capital		1,289.71	-	1,289.71
	Other equity	j	17,858.16	1,942.65	19,800.81
	Non-current liabilities				
	Long-term provisions	f, g	623.66	(600.61)	23.05
	Current liabilities				
	Financial liabilities				
	Trade payables		1,741.99	-	1,741.99
	Other financial liabilities		44.59	-	44.59
	Other current liabilities	c	5,611.35	484.26	6,095.61
	Short-term provisions	g	658.53	(66.29)	592.24
	TOTAL EQUITY AND LIABILITIES		**27,827.99**	**1,760.01**	**29,588.00**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
II.	**Reconciliation of Balance Sheet as at 31 March 2017**				
	ASSETS				
	Non-current assets				
	Property, plant and equipment		4,616.35	-	4,616.35
	Intangible assets		181.59	-	181.59
	Capital work-in-progress		83.68	-	83.68
	Investment in subsidiaries		4,351.11	-	4,351.11
	Financial assets				
	Loans		2,004.97	-	2,004.97
	Security deposits	b	1,580.42	(425.37)	1,155.05
	Others financial assets		162.63	-	162.63
	Deferred tax assets (Net)	h	-	2,068.85	2,068.85
	Non-current tax assets		32.28	-	32.28
	Other non-current assets	b	191.21	348.24	539.45
	Current assets				
	Inventories		3,357.60	-	3,357.60
	Financial assets				
	Loans		1,004.32	-	1,004.32
	Security deposits	b	343.67	(108.86)	234.81
	Trade receivables		236.39	-	236.39
	Cash and cash equivalents		216.60	-	216.60
	Bank balances other than above		18.60	-	18.60
	Current investments	a	7,150.53	22.17	7,172.70
	Others financial assets		134.63	-	134.63
	Other current assets	b , e	694.69	148.73	843.42
	TOTAL ASSETS		**26,361.27**	**2,053.76**	**28,415.03**
	EQUITY AND LIABILITIES				
	Equity				
	Equity share capital		1,302.26	-	1,302.26
	Other equity	j	16,448.46	2,256.10	18,704.56
	Non-current liabilities				
	Long-term provisions	f, g	618.81	(594.05)	24.76
	Current liabilities				
	Financial Liabilities				
	Borrowings		58.95	-	58.95
	Trade payables		1,585.62	-	1,585.62
	Other financial liabilities		172.89	-	172.89
	Other current liabilities	c	5,523.61	471.23	5,994.84
	Short-term provisions	g	650.67	(79.52)	571.15
	TOTAL EQUITY AND LIABILITIES		**26,361.27**	**2,053.76**	**28,415.03**

(₹ in lakhs)

		Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
III.	**Reconciliation of Statement of Profit and Loss for the year ended 31 March 2017**				
	Income				
	Revenue from Operations	c	19,391.44	13.03	19,404.47
	Other Income	a, b	1,083.72	105.15	1,188.87
	Total Income (I)		**20,475.16**	**118.18**	**20,593.34**
	Expenses				
	Cost of materials consumed		1,248.34	-	1,248.34
	Purchases of stock–in–trade		72.17	-	72.17
	Changes in inventories of finished goods, work–in–process and stock–in–trade		11.67	-	11.67
	Employee benefits expense	d, e	5,328.84	62.41	5,391.25
	Finance costs	f	1.27	2.10	3.37
	Depreciation and amortisation expense		1,065.52	-	1,065.52
	Other expenses	b, g	14,522.91	101.53	14,624.44
	Total expenses (II)		**22,250.72**	**166.04**	**22,416.76**
	Loss before tax (I - II)		**(1,775.56)**	**(47.86)**	**(1,823.42)**
	Tax expense				
	Current tax		-	-	-
	Deferred tax (net)	h	-	(254.31)	(254.31)
	Loss for the year (A)		**(1,775.56)**	**206.45**	**(1,569.11)**
	Other Comprehensive Income				
	Items that will not be reclassified to profit or loss				
	Remeasurements of net defined benefit plan	d	-	5.07	5.07
	Other Comprehensive Income for the year (B)		**-**	**5.07**	**5.07**
	Total Comprehensive Income for the year (A+B)		**(1,775.56)**	**211.52**	**(1,564.04)**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Note	As at 31 March 2017	As at 1 April 2016
IV A	Reconciliation of Equity			
	Total equity under local GAAP		**17,750.72**	**19,147.87**
	Adjustment Impact - Gain/ (Loss):			
	Reduction in revenue due to Loyalty accounting	c	(471.23)	(484.26)
	Fair valuation of current investments in Mutual Fund	a	22.17	30.33
	Fair valuation of security deposits	b	(647.55)	(538.29)
	Interest income on security deposits	b	113.31	-
	Discounting of provision for site restoration	f	10.45	12.55
	Recognition of prepaid rent in relation to fair valuation of security deposits	b	558.90	449.64
	Amortisation of prepaid rent	b	(110.30)	-
	Reversal of provision for rent equalisation reserves	g	663.12	654.35
	Deferred tax credit	h	2,068.85	1,814.54
	Fair value of ESOP charge	e	48.38	3.79
	Total Ind AS adjustment		**2,256.10**	**1,942.65**
	Total equity under Ind AS		**20,006.82**	**21,090.52**

(₹ in lakhs)

		Note	Year ended 31 March 2017
IV B	Reconciliation of Income Statement		
	Loss after tax under local GAAP		(1,775.56)
	Adjustments Gain/ (Loss):		
	Reduction in revenue due to Loyalty accounting	c	13.03
	Loss accounted on Fair valuation of current investments in Mutual Fund	a	(8.16)
	Amortisation of prepaid rent	b	(110.30)
	Interest income on security deposits	b	113.31
	Reversal of provision for rent equalisation reserves	g	8.77
	Deferred tax credit due to Ind AS	h	254.31
	Fair value for ESOP charge	e	(57.34)
	Discounting of provision for site restoration	f	(2.10)
	Remeasurement of post employment benefit obligation	d	(5.07)
	Total Ind AS Impact		**206.45**
	Total Loss under Ind AS		**(1,569.11)**

		Previous GAAP	Ind AS adjustments	Ind AS
IV C	**Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2017**			
	Net cash flow from operating activities	(1,818.94)	(55.98)	(1,874.91)
	Net cash flow from investing activities	1,428.40	18.54	1,446.94
	Net cash flow from financing activities	434.09	-	434.09
	Net increase/(decrease) in cash and cash equivalents	43.55	(37.44)	6.11
	Cash and cash equivalents as at 1 April 2016	**173.05**	**(29.21)**	**143.84**
	Cash and cash equivalents as at 31 March 2017	**216.60**	**(66.65)**	**149.95**

Notes to first time adoption

Following explains the material adjustments made while transitioning from previous GAAP to Ind AS:

a. Fair valuation of investments

Under previous GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, Investments have been fair valued on initial recognition and subsequently measured at Fair value through Profit and loss account. This has resulted in increase in the total equity by ₹ 30.33 lakhs and ₹ 22.17 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has decreased by ₹ 8.16 lakhs.

b. Security Deposits

Under the previous GAAP, interest free lease deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value.

Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 538.29 lakhs and ₹ 647.55 lakhs as on 1 April 2016 and March, 2017, respectively. The prepaid rent increased by ₹ 449.64 lakhs and ₹ 558.90 lakhs as on 1 April 2016 and March, 2017, respectively. Total equity decreased by ₹ 88.65 lakhs and ₹ 85.65 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has decreased by ₹ 110.30 lakhs due to amortisation of prepaid rent which is partially set off by the notional interest income of ₹ 113.31 lakhs on security deposits.

c. Customer Loyalty Programme (Deferred Revenue)

Under the previous GAAP, these loyalty points were measured from the standpoint of the grantor, (the Company). Under Ind AS, point award schemes are measured at fair value from standpoint of the holder, (the customer). Consequent to this change, total equity decreased by ₹ 484.26 lakhs and ₹ 471.23 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further total comprehensive income for the year ended 31 March 2017 has increased by ₹ 13.03 lakhs.

d. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 March 2017 increased by ₹ 5.07 lakhs. There is no impact on the total equity as at 31 March 2017.

e. Employee Stock Option Liability

Under previous GAAP, the cost of employee share-based plan were recognised using the intrinsic value method. Under Ind AS, this is recognised based on the fair value of the options as at the grant date. The cost is recognised as employee share based cost in case of Kaya India and recognised as Receivable from related parties for Kaya Middle East FZC ESOP scheme. Consequently, the amount recognised in share option outstanding account increased by ₹ 103.92 lakhs as at 31 March 2017 (1 April 2016 - ₹ 1.43 lakhs). The profit for the year ended 31 March 2017 decreased by ₹ 57.34 lakhs. There is no impact on total equity.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

f. Site restoration cost

Under previous GAAP, site restoration cost was recognised based on estimated probable liability towards the restoration of leased premises at the end of lease period. Under Ind AS, site restoration costs are required to be recognised at fair value. Consequent to this change, total equity increased by ₹ 12.55 lakhs and ₹ 10.45 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has decreased by ₹ 2.10 lakhs.

g. Lease rentals

Under previous GAAP, lease payments on all operating leases were recognised as an expense on a straight line basis over the lease term. Under Ind AS, lease payments under operating leases are recognised on a straight line basis as expense only if the payments to lessor vary because of factors other than expected general inflation. Consequent to this change, total equity increased by ₹ 654.35 lakhs and ₹ 663.12 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has increased by ₹ 8.77 lakhs.

h. Deferred Tax Asset

Under previous GAAP, deferred tax assets has not been recognised on carried forward business loss, unabsorbed depreciation and other item of deferred tax assets, in absence of virtual certainty of its realisation. Under Ind AS, deferred tax assets has been recognised on unabsorbed depreciation and other items of deferred tax assets on the basis of reasonable certainty that the same will be utilized against taxable profits in future. Consequent to this change, total equity increased by ₹ 1,814.54 lakhs and ₹ 2,068.85 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has increased by ₹ 254.31 lakhs.

i. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as ‘other comprehensive income’ includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

j. Retained Earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

(₹ in lakhs)

	Particulars	Notes	As at 31 March 2018		
			FVPL	FVOCI	Amortised cost
37.	**Fair value measurement**				
	(a) Financial Instrument by category				
	Financial assets				
	Investments in subsidiaries	5	-	-	9451.11
	Investments	15	2,008.30	-	-
	Trade receivables	16	-	-	411.79
	Loans	6 and 13	-	-	536.15
	Security deposits	7 and 14	-	-	1,411.62
	Cash and cash equivalents	17A	-	-	348.69
	Bank balances other than above	17B	-	-	25.85
	Other financial assets	8 and 16	-	-	11.97
	Total financial assets		**2,008.30**	**-**	**12,197.18**
	Financial liabilities				
	Borrowings	23	-	-	-
	Trade payables	24	-	-	1,574.61
	Other financial liabilities	25	-	-	81.07
	Total financial liabilities		**-**	**-**	**1,655.68**

(₹ in lakhs)

Particulars	Notes	As at 31 March 2017		
		FVPL	FVOCI	Amortised cost
Financial assets				
Investments in subsidiaries	5	-	-	4351.11
Investments	15	7,172.70	-	-
Trade receivables	16	-	-	236.39
Loans	6 and 13	-	-	3,009.29
Security deposits	7 and 14	-	-	1,389.86
Cash and cash equivalents	17A	-	-	216.60
Bank balances other than above	17B	-	-	18.60
Other financial assets	8 and 16	-	-	297.26
Total financial assets		**7,172.70**	**-**	**9,519.11**
Financial liabilities				
Borrowings	23	-	-	58.95
Trade payables	24	-	-	1,585.62
Other financial liabilities	25	-	-	172.89
Total financial liabilities		**-**	**-**	**1,817.46**

(₹ in lakhs)

Particulars	Notes	As at 1 April 2016		
		FVPL	FVOCI	Amortised cost
Financial assets				
Investments in subsidiaries	5	-	-	4351.11
Investments	15	8853.98	-	-
Trade receivables	16	-	-	181.01
Loans	6 and 13	-	-	3,015.17
Security deposits	7 and 14	-	-	1,356.56
Cash and cash equivalents	17A	-	-	173.05
Bank balances other than above	17B	-	-	-
Other financial assets	8 and 16	-	-	280.81
Total financial assets		**8,853.98**	**-**	**9,357.71**
Financial liabilities				
Borrowings	23	-	-	-
Trade payables	24	-	-	1,741.99
Other financial liabilities	25	-	-	44.59
Total financial liabilities		**-**	**-**	**1,786.58**

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels in accordance with the applicable Accounting Standard. An explanation of each level follows underneath the table.

(₹ in lakhs)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2018					
Financial assets					
Investments	15	-	2,008.30	-	2,008.30
Total Financial assets		**-**	**2,008.30**	**-**	**2,008.30**
Financial liabilities	NA	-	-	-	
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2018					
Financial assets	NA	-	-	-	-
Total Financial assets		**-**	**-**	**-**	**-**
Financial liabilities	NA	-	-	-	-
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2017					
Financial assets					
Investments	15	-	7,172.70	-	7,172.70
Total Financial assets		**-**	**7,172.70**	**-**	**7,172.70**
Financial liabilities	NA	-	-	-	
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2017					
Financial assets	NA	-	-	-	-
Total Financial assets		-	-	-	-
Financial liabilities	NA	-	-	-	-
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at fair value - recurring fair value measurements as at 1 April 2016					
Financial assets					
Investments	15	-	8,853.98	-	8,853.98
Total Financial assets		**-**	**8,853.98**	**-**	**8,853.98**
Financial liabilities	NA	-	-	-	
Total Financial liabilities		**-**	**-**	**-**	**-**

(₹ in lakhs)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 1 April 2016					
Financial assets	NA	-	-	-	-
Total Financial assets		-	-	-	-
Financial liabilities	NA	-	-	-	-
Total Financial liabilities		-	-	-	-

The fair value of financial instruments as referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurement) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

Level 1: Financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, mutual funds, bonds and debentures, that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is considered here. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows using a risk-free interest rate. The mutual funds are valued using the closing NAV pubhlished by the mutual fund.

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

(c) Fair value of financial assets and liabilities measured at amortised cost

(₹ in lakhs)

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Other Assets						
Investments in subsidiaries	9451.11	9451.11	4351.11	4351.11	4351.11	4351.11
Trade receivables	411.79	411.79	236.39	236.39	181.01	181.01
Cash and cash equivalents	348.69	348.69	216.60	216.60	173.05	173.05
Bank balances other than above	25.85	25.85	18.60	18.60	-	-
Loans	536.15	536.15	3,009.29	3,009.29	3,015.17	3,015.17
Security deposits	1,411.62	1,411.62	1,389.86	1,389.86	1,356.56	1,356.56
Other financial assets	11.97	11.97	297.26	297.26	280.81	280.81
	12,197.18	**12,197.18**	**9,519.11**	**9,519.11**	**9,357.71**	**9,357.71**
Financial Liabilities						
Borrowings	-	-	58.95	58.95	-	-
Trade payables	1,574.61	1,574.61	1,585.62	1,585.62	1,741.99	1,741.99
Other financial liabilities	81.07	81.07	172.89	172.89	44.59	44.59
	1,655.68	**1,655.68**	**1,817.46**	**1,817.46**	**1,786.58**	**1,786.58**

The carrying amounts of trade receivables, trade payables, capital creditors, loans and advances, security deposit, fixed deposit, insurance claim receivable, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

38. Financial Risk Management

Financial risk

In the course of its business, the Company is exposed to a number of financial risks: credit risk, liquidity risk and market risk . This note presents the Company's objectives, policies and processes for managing its financial risk and capital. The key risks and mitigating actions are also placed before the Board of Directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company manages the risk through the finance department that ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

Risks	Exposure arising from	Measurement
Market Risk- Foreign Exchange	Future commitment transactions	Cash flow forecasting

(A) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on liquid assets, financial assets, trade and other receivables.

In respect of its investments the Company aims to minimize its financial credit risk through the application of risk management policies.

Trade receivables are subject to credit limits, controls and approval processes. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables on individual basis depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Company.

The gross carrying amount of trade receivables is ₹ 414.44 as at 31 March 2018, ₹ 238.00 lakhs as at 31 March 2017 and ₹ 210.06 lakhs as at 1 April 2016.

Reconciliation of loss allowance provision- trade receivables

	31 March 2018	31 March 2017	1 April 2016
Loss allowance at the beginning of the year	1.61	29.05	9.05
Add : Changes in loss allowances	1.04	(27.44)	20.00
Balance at the end of the year	2.65	1.61	29.05

The Company has majorly trade receivables outstanding from India amounting to ₹ 369.78 lakhs as at 31 March 2018 (31 March 2017 - ₹ 205.17 lakhs; 1 April 2016 - ₹ 176.88 lakhs) except amount receivable from related party amounting to ₹ 44.66 as at 31 March 2018 (31 March 2017 - ₹ 32.83 lakhs; 1 April 2016 - ₹ 33.18 lakhs). There are no significant amounts due by more than 180 days and not provided for. Management believes that these are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The Company maintains exposure in cash and cash equivalents, term deposits with banks, Loans, Security deposits and other financial assets.

Security deposits are interest free deposits given by the Company for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of Security deposits is ₹ 1,411.62 lakhs as at 31 March 2018, ₹ 1,389.86 lakhs as at 31 March 2017 and ₹ 1,356.55 lakhs as at 1 April 2016.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Advances are given to subsidiaries and joint venture for various operational requirements. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of loans and advances is ₹ 142.14 lakhs as at 31 March 2018, ₹ 339.50 lakhs as at 31 March 2017 and ₹ 122.96 lakhs as at 1 April 2016.

The Company has given inter-corporate deposits (ICD) only to entities authorised by the Board of Directors amounting to ₹ Nil as at 31 March 2018, ₹ 3,202.62 lakhs as at 31 March 2017 and ₹ 3,209. 79 as at 1 April 2016 including interest respectively.

(B) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The current ratio of the Company as at 31 March 2018 is 1.01 (As at 31 March 2017 is 1.58; As at 1 April 2016 is 2.01) whereas the liquid ratio of the company as at 31 March 2018 is 0.54 (As at 31 March 2017 is 1.18; As at 1 April 2016 is 1.58)

Maturity patterns of financial liabilities

(₹ in lakhs)

As at 31 March 2018	Notes	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Current borrowings	23	-	-	-	-	-
Trade payables	24	1,574.61	-	-	-	1,574.61
Other financial liabilities	25	81.07	-	-	-	81.07
Total		**1,655.68**	**-**	**-**	**-**	**1,655.68**

(₹ in lakhs)

As at 31 March 2017	Notes	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Current borrowings	23	58.95	-	-	-	58.95
Trade payables	24	1,585.62	-	-	-	1,585.62
Other financial liabilities	25	172.89	-	-	-	172.89
Total		**1,817.46**	**-**	**-**	**-**	**1,817.46**

(₹ in lakhs)

As at 1 April 2016	Notes	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Current borrowings	23	-	-	-	-	-
Trade payables	24	1,741.99	-	-	-	1,741.99
Other financial liabilities	25	44.59	-	-	-	44.59
Total		**1,786.58**	**-**	**-**	**-**	**1,786.58**

(C) Market Risk

The Company is exposed to risk from movements in foreign currency exchange rates and market prices that affect its assets, liabilities and future transactions.

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures on account of procurement of goods and services, primarily with respect to US Dollar, Singapore Dollar, EURO and AED. The Company's management regularly reviews the currency risk. However, at this stage the Company has not entered into any forward exchange contracts or other arrangements to cover this risk as the risk is not material.

The Company's exposure to foreign currency risk at the end of the reporting periods are as follows:

(Foreign Currency in lakhs)

As at 31 March 2018	USD	EURO	AED	SGD
Financial assets				
Trade receivables	0.69	-	-	-
Advance to supplier and related parties	3.27	0.14	28.53	-
Financial liabilities				
Trade payables	0.91	0.06	-	-

(Foreign Currency in lakhs)

As at 31 March 2017	USD	EURO	AED
Financial assets			
Trade receivables	0.51	-	-
Advance to supplier and related parties	6.01	0.16	0.06
Financial liabilities			
Trade payables	1.21	0.16	0.03

(Foreign Currency in lakhs)

As at 1 April 2016	USD	EURO	AED
Financial assets			
Trade receivables	0.50	-	-
Advance to supplier & related parties	4.42	0.14	0.08
Financial liabilities			
Trade payables	0.17	0.01	0.04

Foreign Currency Risk Sensitivity

A change of 1% in foreign currency would have following impact on profit/(loss) before tax:

(₹ in lakhs)

	31 March 2018		31 March 2017		1 April 2016	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	1.98	(1.98)	3.45	(3.45)	3.15	(3.15)
EURO	0.06	(0.06)	-	-	0.10	(0.10)
AED	5.02	(5.02)	0.01	(0.01)	0.01	(0.01)
SGD	-	-				
(Increase) / decrease in reported Loss	**7.06**	**(7.06)**	**3.46**	**(3.46)**	**3.26**	**(3.26)**

(ii) Price Risk:

Mutual fund Net Asset Values (NAVs) are impacted by a number of factors like interest rate risk, credit risk, liquidity risk, market risk in addition to other factors. A movement of 1% in NAV on either side can lead to a gain/loss of ₹ 20.08 lakhs, ₹ 71.73 lakhs and ₹ 88.54 lakhs, on the overall portfolio as at 31 March 2018, 31 March 2017 and 1 April 2016 respectively.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

39. Capital Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. It considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

40. Related Party Disclosure as per Ind AS

I. Name of related parties and nature of relationship:

		Country of Incorporation	Ownership Interest held by the group			Ownership Interest held by the non controlling interest		
			31 March 2018	31 March 2017	1 April 2016	31 March 2018	31 March 2017	1 April 2016
(a)	**Subsidiary companies**							
	KME Holdings Pte Limited	Singapore	100%	100%	100%	0%	0%	0%
	Kaya Middle East DMCC	United Arab Emirates	100%	100%	100%	0%	0%	0%
(b)	**Step-down subsidiary companies**							
	Kaya Middle East FZC	United Arab Emirates	100%	100%	100%	0%	0%	0%
	IRIS Medical Centre LLC		85%	85%	85%	15%	15%	15%
	Minal Medical Centre LLC (with effect from 5 December, 2016)		75%	75%	NA	25%	25%	NA
	Minal Specialised Clinic Dermatology LLC (with effect from 5 December, 2016)		75%	75%	NA	25%	25%	NA
(c)	**Joint Venture Partners**							
	Kaya - Al Beda JV	Kuwait						

(d) Key Management Personnel (KMP)

Mr. Harsh Mariwala - Chairman and Managing Director
Mr. B. S. Nagesh - Independent Director
Mr. Irfan Mustafa - Independent Director
Mr. Nikhil Khattau - Independent Director
Mr. Rajen Mariwala - Director
Ms. Ameera Shah - Independent Director

(e) Enterprise over which KMP or their relative have significant influence and transactions have taken place:

Marico Limited
Soap Opera

II. Transactions carried out with related parties referred to in I(a) to I(d) above:

(₹ in lakhs)

Nature of transaction	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies
	For the year ended 31 March 2018	For the year ended 31 March 2018	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2017	For the year ended 31 March 2017
Sale of goods						
Kaya Middle East FZC	-	-	100.78	-	-	85.19
Purchase of Goods						
Marico Limited	-	4.27	-	-	9.90	-
Soap Opera	-	161.93	-	-	51.32	-
Corporate Guarantee Fees						
Kaya Middle East FZC	-	-	-	-	-	26.47
Kaya Middle East DMCC	-	-	25.49	-	-	48.05
Reimbursement of costs						
Kaya Middle East FZC	-	-	86.77	-	-	104.68
Kaya Middle East DMCC	-	-	-	-	-	5.75
Legal and Professional charges						
Marico Limited	-	-	-	-	1.38	-
Reimbursement of expenses paid on behalf of Company						
Marico Limited	-	63.00	-	-	59.43	-
Kaya Middle East FZC	-	-	-	-	-	0.46
Soap Opera	-	0.22	-	-	-	-

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

Nature of transaction	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies
	For the year ended 31 March 2018	For the year ended 31 March 2018	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2017	For the year ended 31 March 2017
Reimbursement of expenses paid by Company on behalf of						
Kaya Middle East FZC	-	-	69.25	-	-	-
Soap Opera	-	0.07	-	-	-	-
Directors sitting fees						
Mr. B. S. Nagesh	12.01	-	-	11.00	-	-
Mr. Irfan Mustafa	8.01	-	-	8.00	-	-
Mr. Nikhil Khattau	9.01	-	-	9.00	-	-
Mr. Rajen Mariwala	8.01	-	-	8.00	-	-
Ms. Ameera Shah	8.02	-	-	6.00	-	-
Rent paid						
Marico Limited	-	93.22	-	-	91.24	-
Corporate Guarantee given						
Kaya Middle East DMCC	-	-	2,548.59	-	-	4,804.55
Kaya Middle East FZC	-	-	-	-	-	2,647.36
Loan given						
Kaya Middle East DMCC	-	-	511.01	-	-	-
Interest on loan						
Kaya Middle East DMCC	-	-	14.37	-	-	-
Investments made						
Kaya Middle East DMCC	-	-	-	-	-	-
KME Holdings Pte. Ltd.	-	-	5,100.00	-	-	-

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

III. Outstanding balances

(₹ in lakhs)

Nature of transaction	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended April 01, 2016
Loan Given			
Kaya Middle East DMCC	503.70	-	-
Other current Financial assets			
Kaya Middle East DMCC	9.92	-	-
Other current assets			
Kaya Middle East FZC	116.17	288.10	122.96
Kaya Middle East DMCC	25.97	51.40	-
Security Deposits			
Marico Limited	10.00	10.00	10.00
Trade Receivables			
Kaya Middle East FZC	44.66	32.83	33.18
Trade Payables			
Marico Limited	47.89	29.37	84.72
Soap Opera	31.19	9.36	-
Non - current Investments			
Kaya Middle East DMCC	8.70	8.70	8.70
KME Holdings Pte Ltd	9,442.41	4,342.41	4,342.41
Corporate Guarantee given			
Kaya Middle East DMCC	3,166.44	4,804.55	-
Kaya Middle East FZC	2,647.36	2,647.36	-

IV. Loans and advances in the nature of loans to subsidiaries/joint venture:

Disclosure for loans and advances in terms of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015.

Loans and advances in the nature of loans to subsidiaries/joint venture:

(₹ in lakhs)

Nature of transaction	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Loans/advances to subsidiary: Kaya Middle East FZC			
Balances as at the year end	116.17	288.10	122.96
Maximum amount outstanding at any time during the year	116.17	288.10	122.96
Loans/advances to subsidiary: Kaya Middle East DMCC			
Balances as at the year end	539.58	51.40	-
Maximum amount outstanding at any time during the year	539.58	51.40	-

41. Share based payments

a) Kaya ESOP 2014:

The Board of Directors of the Company had granted 135,771 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 FZC) (together referred as 'Kaya ESOP 2014'). 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 FZC) was 31 March, 2016 and 31 March 2017, respectively. The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

Kaya ESOP 2014	**31 March 2018**	**31 March 2017**
Weighted average share price of options exercised	300	300
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	5,450	130,914
Granted during the year	-	-
Less: Exercised during the year	5,450	125,464
Forfeited/lapsed during the year	-	-
Balance as at end of the year	**-**	**5,450**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**NA**	**1**

b) Kaya ESOP 2016:

During the previous year, the Board of Directors of the Company has granted 253,893 stock options at ₹ 732 per option, to certain eligible employees of the Company and Kaya Middle East FZC (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme I. One stock option is represented by one equity share of Kaya Limited. The Options granted under Kaya ESOP 2016 - Scheme I shall vest over 3 years from the Grant Date in the following manner:

- 20% of the Options granted will be vested at the end of first year from the grant date;
- 30% of the options will be vested at end of second year from the grant date;
- 50% of the options will be vested at the end of third year from the grant date.

The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

Kaya ESOP 2016 Scheme - I	**31 March 2018**	**31 March 2017**
Weighted average share price of options exercised	732	732
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	144,558	-
Granted during the year	-	253,893
Less: Exercised during the year	2,840	-
Forfeited/lapsed during the year	18,705	109,335
Balance as at end of the year	**123,013**	**144,558**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**2**	**3**

During the year, the Board of Directors of the Company has granted 27,400 stock options at ₹ 1063.80 per option and 14,700 stock options at ₹ 1063.80 per option, to certain employees of the Company and Kaya Middle East FZC (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme II & Scheme III, respectively. One stock option is represented by one equity share of Kaya Limited.

Kaya ESOP 2016	31 March 2018	
	Scheme II	Scheme III
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	-	-
Granted during the year	27,400	14,700
Less: Exercised during the year	-	-
Forfeited/lapsed during the year	27,400	-
Balance as at end of the year	**-**	**14,700**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**NA**	**3**

The Company has applied the fair value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted ₹ 76.40 lakhs (31 March 2017: ₹ 59.35) lakhs as compensation cost under the 'fair value' method (Refer Note 32).

Particulars	2018	2017
Aggregate of all stock options to current paid-up equity share capital (percentage)	1%	1%

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

	Kaya ESOP 2016 - Scheme I	Kaya ESOP 2016 - Scheme II	Kaya ESOP 2016 - Scheme III
Risk - free interest rate (%)	7.13%	6.00%	6.25%
Expected life of options (years)	1.5 to 3.5	2.26	3.36
Expected volatility (%)	40.00%	39.40%	39.40%
Dividend yield	0.00%	0.00%	0.00%

42. Contingent liabilities, Contingent assets and commitments

(a) Contingent liabilities

(₹ in lakhs)

Description	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Claims against the Company not acknowledged as debts in respect of			
- Income tax matters	-	14,738.62	14,671.48
- Sales tax matters	75.97	296.72	384.26
- Service tax matters	436.80	455.19	436.80
- Other matters	-	-	19.00
Total	**512.77**	**15,490.53**	**15,511.54**

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

(b) Contingent assets - The Company did not have any Contingent assets as at the end of the year.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(c) Capital and other commitments

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at April 01, 2016
(i) Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	143.47	57.40	43.21

43. 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:

(₹ in lakhs)

	Year ended 31 March 2018	Year ended 31 March 2017
Lease payments recognised in the Statement of Profit and Loss during the year*	3,545.94	3,471.26
Future minimum lease rentals payable:		
not later than one year	1,775.38	436.05
later than one year but not later than five years	5,056.77	247.80
later than five years	1,691.88	-

* Including Contingent Rent ₹ 10.67 lakhs (31 March 2017 - ₹ 19.40 lakhs; 1 April 2016 - ₹ 16.05 lakhs)

44. Segment information

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker ("CODM") of the Company. The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Chairman and Managing Director of the Company.

The Company operates only in one business segment i.e. " Sale of skin care and hair care products and services" which is reviewed by CODM and all the activities incidental thereto are within India, hence Company does not have any reportable segments as per Ind AS 108 "Operating Segments". Further, no single customer contributes to more than 10% of the Company's revenue.

45. Post retirement benefit plans

I. Defined contribution plan:

The Company has defined contribution plan. Contributions are made to prescribed funds for employees at the specified rates as per respective regulations. The contributions are made to funds administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual or constructive obligation. The expense recognised during the year under defined contribution plan is as under:

(₹ in lakhs)

	Year Ended 31 March 2018	Year Ended 31 March 2017
Contribution to provident fund	204.54	208.75
Contribution to employee state insurance contribution	63.45	44.55
Contribution to labour welfare fund	0.12	0.34
Total	**268.11**	**253.64**

II. **Defined benefit plan:**

Gratuity:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972, Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

A. **Balance sheet amounts - Gratuity**

(₹ in lakhs)

	Present value of Obligation	Fair value of plan assets	Net amount
As at 1 April 2016	**185.99**	**91.33**	**94.66**
Current service cost	32.04	-	32.04
Interest expense	13.73	6.74	6.99
Total amount recognised in profit or loss	**45.77**	**6.74**	**39.03**
Remeasurements			
(Gain)/loss from on obligation - due to change in financial assumption	(6.96)	-	(6.96)
(Gain)/loss from on obligation - due to due to change in demographic assumption	(12.81)	-	(12.81)
(Gain)/loss from on obligation - due to experience	18.34	3.64	14.70
Benefit Payments	(75.13)	-	(75.13)
As at 31 March 2017	**155.20**	**101.71**	**53.49**
Current service cost	26.00	-	26.00
Interest expense	10.20	6.68	3.52
Past service Cost	8.79	-	8.79
Total amount recognised in profit or loss	**44.99**	**6.68**	**38.31**
Remeasurements			
(Gain)/loss from on obligation - due to change in financial assumption	(1.50)	-	(1.50)
(Gain)/loss from on obligation - due to experience	16.60	(1.67)	18.27
Benefit Payments	(39.45)	-	(39.45)
As at 31 March 2018	**175.84**	**106.72**	**69.12**

B. **Recognised in Profit or loss**

(₹ in lakhs)

For the year	31 March 2018	31 March 2017
Current service cost	26.00	32.04
Interest expense	3.52	6.99
Past Service Cost	8.79	-
	38.31	**39.03**

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

C. Recognised in other comprehensive income

(₹ in lakhs)

For the year ended	31 March 2018	31 March 2017
Actuarial (Gain)/loss from on obligation	16.77	(5.07)
	16.77	**(5.07)**

D. The Net liability disclosed above relates to funded and unfunded plans are as follows:

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of funded obligations	175.84	155.20	185.99
Fair value of plan assets	(106.72)	(101.71)	(91.33)
Deficit of gratuity plan	**69.12**	**53.49**	**94.66**

E. The significant actuarial assumptions were as follows:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate	6.93%	6.57%	7.38%
Rate of return on plan assets*	6.93%	6.57%	7.38%
Future salary rise*	8.00%	8.00%	11.00%
Attrition Rate	23 % and 41%	23 % and 41%	14% and 35%
Mortality	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate

*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market. (The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario.)

F. Sensitivity

The sensitivity of the defined benefit obligations to the changes in the weighted principal assumptions is as under:

(₹ in lakhs)

	31 March 2018		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(3.67)	3.90
Rate of salary increase	1%	3.44	(3.32)
Rate of employee turnover	1%	(1.09)	1.13

(₹ in lakhs)

	31 March 2017		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(3.39)	3.61
Rate of salary increase	1%	3.27	(3.16)
Rate of employee turnover	1%	(1.20)	1.24

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

G. The defined benefit obligations shall mature after year end as follows:

(₹ in lakhs)

Year ending March 31	2018	2017
1st following year	51.75	42.25
2nd following year	38.47	35.52
3rd following year	29.78	26.75
4th following year	24.53	21.03
5th following year	17.48	16.58
Sum of years 6 to 10	36.78	32.31

H. Risk exposure

The Company is exposed to below risks, pertaining to its defined benefit plans.

Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan assets has investments in insurance/equity managed fund, fixed income securities with high grades, public/private sector units and government securities. Hence assets are considered to be secured.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

I. Compensated absences

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Opening balance of Compensated absences	172.10	150.82	145.33
Present value of compensated absences (As per actuarial valuation) as at the year end	149.42	172.10	150.82

46. Earnings per share

		Year ended 31 March 2018	Year ended 31 March 2017
(a)	**Basic earnings/(loss) per share**		
	Basic earnings/(loss) per share attributable to the equity holders of the Company (in ₹)	(10.24)	(12.10)
(b)	**Diluted earnings per share**		
	Diluted earnings/(loss) per share attributable to the equity holders of the Company(in ₹)*	(10.24)	(12.10)
(c)	**Earnings/(loss) used in calculating earnings per share**		
	Basic earnings/(loss) per share	(1,333.57)	(1,569.11)
	Diluted earnings/(loss) per share	(1,333.57)	(1,569.11)
(d)	**Weighted average number of shares used as the denominator**		
	Weighted average number of equity shares in calculating basic earnings/(loss) per share	13,028,104	12,965,245
	Dilutive impact of Share Options*	10,251	11,680
	Weighted average number of equity shares and potential equity shares in calculating diluted earning/(loss) per share	**13,038,355**	**12,976,925**

* Since the earnings/(loss) per share computation based on dilutive weighted average number of shares is anti-dilutive, the basic and diluted earnings/(loss) per share is the same.

47. Disclosure in respect of Specified Bank Notes held and transacted during the year ended 31 March 2017:

Particulars	SBNs*	Other denomination	Total
Balance as at 8 November, 2016	26.11	0.23	26.34
Less: Paid for permitted transactions	-	-	-
Less: Deposited in bank accounts	26.11	373.35	399.46
Less: Paid for non-permitted transactions (if relevant)	-	-	-
Add: Receipts for permitted transactions	-	396.56	396.56
Add: Receipts for non-permitted transactions (if relevant)	-	-	-
Closing balance as at 30 December, 2016	-	23.44	23.44

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated 8 November, 2016.

The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

48. The Company in light of losses incurred in the past years is not required to spend any amount towards Corporate Social Responsibility for the year 2017-2018.

49. Figures for the previous year have been audited by a firm of chartered accountants other than B S R & Co. LLP.

50. Disclosure as per Section 186 of the Companies Act, 2013 and SEBI regulations

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and as per Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations are as follows:

Details of investments, Loan and guarantee during the year ended 31 March 2018 as per section 186(4) of the Act:

	KME Holdings Pte Ltd.	Kaya Middle East FZC*	Kaya Middle East DMCC	Purpose
Opening balance as at 1 April, 2017	**4,342.41**	**2,647.36**	**4,813.25**	
Additions:				
Investments made during the year	5,100.00	-	-	Equity infusion in KME Holdings Pte. Ltd. to buy minority shareholder of KME FZC entity i.e. for share based payments
Loan given during the year	-	-	511.01	For Working Capital requirements
Guarantee given during the year	-	-	2,548.59	It's a co -borrowing of Kaya Middle East DMCC & Kaya Middle East FZC and is for purpose to meet capital expenditure requirements and for enabling loan facility from Banks
Repayments/redemption:				
Investments redeemed/sold during the year	-	-	-	
Loan re-paid during the year	-	-	-	
Guarantee expired during the year	-	-	4,186.70	
Closing balance as at 31 March 2018	**9,442.41**	**2,647.36**	**3,686.15**	

* Kaya Middle East FZC (Formerly known as "Kaya Middle East FZE")

NOTES TO STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Details of investments, Loan and guarantee during the year ended 31 March 2017 as per section 186(4) of the Act:

	KME Holdings Pte Ltd.	Kaya Middle East FZE	Kaya Middle East DMCC	Purpose
Opening balance as at 1 April 2016	**4,342.41**	**-**	**8.70**	
Additions:				
Investments made during the year	-	-	-	
Loan given during the year	-	-	-	
Guarantee given during the year	-	2,647.36	4,804.55	Kaya Middle East FZE - To meet capital expenditure requirements Kaya Middle East DMCC - Purchase of Minal entities
Repayments/redemption:				
Investments redeemed/sold during the year	-	-	-	
Loan re-paid during the year	-	-	-	
Guarantee expired during the year	-	-	-	
Closing balance as at 31 March 2017	**4,342.41**	**2,647.36**	**4,813.25**	

Maximum amount of loan balance outstanding during the year in Kaya Middle East DMCC amounting to Rs. 539.58 lakhs (31 March 2017 – Rs. 51.40 lakhs)

Notes referred to above form an integral part of the standalone Ind AS financial statements.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of
Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To the Members of Kaya Limited

Report on the Audit of the consolidated Ind AS financial statements

We have audited the accompanying consolidated Ind AS financial statements of Kaya Limited (hereinafter referred to as "the Holding Company") and its subsidiaries listed in Annexure I (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's responsibility for the consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 state of affairs, consolidated profit/ loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and of its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern.

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 paragraph 2 (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

CONSOLIDATED INDEPENDENT AUDITORS' REPORT (Contd.)

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, and based on the consideration of the unaudited financial information of a subsidiary furnished to us by the management, the aforesaid consolidated Ind AS 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, and its joint venture as at 31 March 2018, and its consolidated loss (including other comprehensive income), its consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Group and its joint venture for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated 4 May 2018 expressed an unmodified opinion.

2. (a) We did not audit the financial statements of one subsidiary and four step down subsidiaries, whose financial statements reflect total assets of Rs. 21,525 lakhs as at 31 March 2018, total revenues of Rs. 20,071 and net cash inflows amounting to Rs. 342 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 83 lakhs for the year ended 31 March, 2018, as considered in the consolidated Ind AS financial statements, in respect of one joint venture has not been audited by us. 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and joint venture is based solely on the reports of the other auditors.

   These subsidiaries and joint venture are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries and joint venture located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and joint venture located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

   (b) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 9,616 lakhs as at 31 March 2018, total revenues of Rs. Nil and net cash outflows amounting to Rs.3 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, 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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial information of subsidiaries and joint venture, and on the consideration of the unaudited financial information of a subsidiary furnished to us by the management, as noted in the 'Other Matters' paragraph above, we report, to the extent applicable, that:

CONSOLIDATED INDEPENDENT AUDITORS' REPORT (Contd.)

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 Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company (which is a Company incorporated in India) as on 31 March 2018 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint venture, and based on the consideration of the unaudited financial information of a subsidiary furnished to us by the management, as noted in the 'Other Matters' paragraph above :

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture - Refer note 44 to the consolidated Ind AS financial statements.

   ii. The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company (which is a Company incorporated in India) during the year ended 31 March 2018.

   iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
4 May 2018

ANNEXURE A TO THE CONSOLIDATED INDEPENDENT AUDITORS' REPORT - 31 MARCH 2018

Annexure I

List of subsidiaries and joint venture included in these consolidated Ind AS financial statements:

Name of the Entity	Relationship	Country of Incorporation
KME Holdings Pte. Ltd.	Subsidiary	Singapore
Kaya Middle East FZC (formerly known as Kaya Middle East FZE)	Step-down subsidiary	United Arab Emirates
Kaya Middle East DMCC	Subsidiary	United Arab Emirates
Iris Medical Centre LLC	Step-down subsidiary	United Arab Emirates
Minal Medical Centre LLC	Step-down subsidiary	United Arab Emirates
Minal Specialized Clinic Dermatology LLC	Step-down subsidiary	United Arab Emirates
Al Beda	Joint Venture	Kuwait

ANNEXURE A TO THE CONSOLIDATED INDEPENDENT AUDITORS' REPORT - 31 MARCH 2018

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Kaya Limited (the Holding Company) as of and for the year ended 31 March 2018, We have audited the internal financial controls over financial reporting of the Holding company, which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's (Which is a company incorporated in India) internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's (which is a Company incorporated in India) internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding company, which is a company incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Holding company, which is company incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rajesh Mehra
Partner
Membership No: 103145

Mumbai
4 May 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(₹ in lakhs)

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	8,961.98	8,346.03	7,321.57
Intangible assets	4	780.23	868.46	481.92
Goodwill on Consolidation	5	10,386.91	10,082.31	7,006.17
Capital work-in-progress		93.58	150.95	243.57
Financial assets				
Loans	6	-	2,004.97	3.78
Security deposits	7	1,581.33	1,559.23	1,494.94
Other financial assets	8	1.08	162.63	16.70
Deferred tax assets (net)	9	2,106.66	2,068.85	1,814.54
Non-current tax assets	10	16.36	32.28	44.62
Other non-current assets	11	1,271.03	616.90	776.93
Current assets				
Inventories	12	4,317.43	4,997.33	5,292.67
Financial assets				
Loans	13	280.44	1,283.63	3,244.84
Security deposits	14	351.01	265.35	239.12
Trade receivables	15	373.87	203.55	147.83
Cash and cash equivalents	16A	1,983.34	1,505.74	2,777.79
Other Bank balances	16B	25.85	36.15	-
Investments	17	2,008.30	7,172.70	8,853.98
Others financial assets	18	0.97	246.17	337.51
Other current assets	19	2,624.06	2,945.38	2,196.45
TOTAL ASSETS		**37,164.43**	**44,548.61**	**42,294.93**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	20	1,303.09	1,302.26	1,289.71
Other equity	21	19,720.69	21,560.13	24,304.63
Non-controlling interest		160.44	151.25	47.23
Non-current liabilities				
Financial liabilities				
Long-term Borrowings	22	1,354.97	1,884.61	-
Long-term provisions	23	925.46	602.06	557.44
Other non-current liabilities	24	-	-	1,599.32
Current liabilities				
Financial liabilities				
Short-term Borrowings	25	-	58.95	-
Trade payables	26	3,503.38	3,438.00	3,763.00
Other financial liabilities	27	1,282.14	1,230.76	120.13
Short-term provisions	28	703.49	1,286.22	1,149.28
Other current liabilities	29	8,210.77	13,034.37	9,464.19
TOTAL EQUITY AND LIABILITIES		**37,164.43**	**44,548.61**	**42,294.93**
Significant accounting policies	2			

The accompanying notes from 1-52 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Note	Year ended 31 March 2018	Year ended 31 March 2017
I	**Income**			
	Revenue from operations	30	40,038.30	40,906.91
	Other income	31	955.15	1,135.69
	Total Income (I)		**40,993.45**	**42,042.60**
II	**Expenses**			
	Cost of materials consumed	32	3,910.69	4,132.18
	Purchases of stock–in–trade		103.87	72.17
	Changes in inventories of finished goods, work–in–progress and stock–in–trade	33	109.15	107.52
	Employee benefits expense	34	15,137.47	17,764.95
	Finance costs	35	146.72	36.66
	Depreciation and amortisation expense	36	2,430.17	2,004.69
	Other expenses	37	21,084.13	20,904.49
	Total expenses (II)		**42,922.20**	**45,022.66**
III	**Loss before share of net profits of investments accounted for using equity method and tax (I - II)**		**(1,928.75)**	**(2,980.06)**
	Share of net profit / (loss) of joint venture accounted for using equity method		(85.98)	(104.53)
IV	**Loss before tax**		**(2,014.73)**	**(3,084.59)**
V	**Tax expense**			
	Current tax		-	-
	Deferred tax (credit)	9	(37.81)	(254.31)
VI	**Loss for the year (IV - V)**		**(1,976.92)**	**(2,830.28)**
VII	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of net defined benefit plan	47	(40.58)	(39.65)
	Other Comprehensive (Loss) / Income for the year (VII)		**(40.58)**	**(39.65)**
VIII	**Total Comprehensive (Loss) / Income for the year (VI + VII)**		**(2,017.50)**	**(2,869.93)**
	Net profit / (loss) is attributable to:			
	Owners		(2,113.43)	(2,894.86)
	Non-controlling interests		136.51	64.58
	Other comprehensive Income / (loss) attributable to:			
	Owners		(40.58)	(39.65)
	Non-controlling interests		-	-
	Total comprehensive income / (loss) attributable to:			
	Owners		(2,154.01)	(2,934.51)
	Non-controlling interests		136.51	64.58
IX	**Earnings per equity share of ₹ 10 each:**	49		
	Basic		(15.17)	(21.83)
	Diluted		(15.17)	(21.83)
	Significant accounting policies	2		

The accompanying notes from 1-52 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Rajesh Mehra
Partner
Membership Number: 103145

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

Place: Mumbai
4 May 2018

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
A	**Cash Flow from Operating Activities:**		
	Loss before tax	(2,014.73)	(3,084.59)
	Adjustments for:		
	Depreciation and amortisation expense	2,430.17	2,004.69
	Employee share-based payment expenses	572.14	3,151.11
	Liabilities written back to the extent no longer required (net)	(365.51)	(18.29)
	Provision for doubtful debts written back to the extent no longer required	2.65	(27.50)
	Finance cost	146.72	36.66
	Loss on sale / discarding of fixed assets (net)	8.51	29.65
	Interest income	(109.63)	(315.33)
	Dividend income	-	(1.22)
	Profit on sale of current investments	(379.95)	(654.65)
	Unwinding of discount on security deposits	(123.33)	(118.70)
	Provision for doubtful advances	67.65	-
	Provision for doubtful deposits	21.04	-
	Operating profit before working capital changes	**255.73**	**1,001.83**
	Changes in working capital:		
	(Increase) / Decrease in Inventories	679.90	330.28
	(Increase) / Decrease in Trade and other receivables	(172.97)	(28.22)
	(Increase) / Decrease in other assets	(159.22)	(571.84)
	(Increase) / Decrease in security deposits	(5.47)	28.18
	(Increase) / Decrease in loans	3,008.16	(39.98)
	(Increase) / Decrease in financial asset	203.17	(61.96)
	Increase / (Decrease) in Other current liabilities	(5,149.26)	(1,076.33)
	Increase / (Decrease) in Provisions	81.03	(67.01)
	Increase / (Decrease) in Trade and other payable	90.53	(306.71)
	Cash outflow from operations	**(1,168.40)**	**(791.76)**
	Direct taxes paid (net of refund)	15.92	**12.34**
	Net Cash Outflow from Operating Activities (A)	**(1,152.48)**	**(779.42)**
B	**Cash Flow from Investing Activities:**		
	Payments for property, plant & equipments, CWIP and Intangibles	(3,471.04)	(2,604.87)
	Acquisition of business	-	(4,167.70)
	Proceeds for sale of property, plant & equipments and Intangibles	144.27	22.48
	Proceeds from sale of investments	5,544.35	2,335.93
	Interest income received	312.24	322.70
	Increase in other bank balances	10.30	(36.15)
	Dividend paid to Minority Shareholders	(127.32)	(40.73)
	Dividend income received	-	1.22
	Net Cash Outflow from Investing Activities (B)	**2,412.80**	**(4,167.12)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
C	**Cash Flow from Financing Activities:**		
	Proceeds from issue of Equity shares	37.14	376.40
	Repayment of long-term borrowings	(529.64)	2,942.48
	Repayment of short-term borrowings	(58.95)	58.95
	Finance cost	(146.72)	(36.66)
	Net Cash Inflow from Financing Activity (C)	**(698.17)**	**3,341.17**
D	Effect of exchange difference on translation of foreign currency cash and cash equivalents	(26.97)	268.12
E	**Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C+D)**	**535.18**	**(1,337.25)**
	Cash and cash equivalents at the beginning of the year	1,439.09	2,748.58
	Cash and cash equivalents - acquired pursuant to acquisition of business	-	27.76
	Cash and cash equivalents at the close of the year	**1,974.27**	**1,439.09**

Reconciliation of cash and cash equivalents as per the cash flow statement

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Cash and Cash equivalent as per above comprises of the following:			
Cash and cash equivalents [Refer Note 16A]	1,983.34	1,505.74	2,777.79
Book overdraft [Refer Note 27]	(9.07)	(66.65)	(29.21)
Balances as per statement of Cash Flows	**1,974.27**	**1,439.09**	**2,748.58**

Notes:

1. The consolidated cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
2. The accompanying notes from 1-52 are an integral part of these consolidated financial statements.
3. Amendment to Ind AS 7

   The amendments to Ind AS 7 Cash Flow Statement requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. This amendment has become effective from 1 April 2017 and the required disclosure is made below. There is no other impact on financial statement due to this amendment.

(₹ in lakhs)

	As at 31 March 2017	Cash flows	As at 31 March 2018
Long-term borrowings	1,884.61	(529.64)	1,354.97
Short-term borrowings	58.95	(58.95)	-

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

(₹ in lakhs)

	Amount
Balance as at 1 April 2016	1,289.71
Changes in equity share capital [Refer Note 20]	12.55
As at 31 March 2017	**1,302.26**
Changes in equity share capital	**0.83**
As at 31 March 2018	**1,303.09**

B. Other equity

(₹ in lakhs)

	Attributable to owners of the Group						Total attributable to owners of the Group	Attributable to NCI	Total
	Securities premium reserve	Retained earnings	Capital reserve	Foreign currency translation reserve	Share options outstanding account	Statutory reserve			
Balance as at 1 April 2016	**21,497.60**	**58.38**	**2,652.82**	**-**	**95.83**	**-**	**24,304.63**	**47.23**	**24,351.86**
Profit/(loss) for the year	-	(2,894.86)	-	-	-	-	(2,894.86)	64.58	(2,830.28)
Receipt on exercise of Employee Stock Option	363.87	-	-	-	103.92	-	467.79	-	467.79
Transferred from Share options outstanding account to Securities premium	92.38	-	-	-	(92.38)	-	-	-	-
Exchange gain / (loss) on translations during the year	-	-	-	(277.78)	-	-	(277.78)	-	(277.78)
Acquisition of subsidiaries	-	-	-	-	-	-	-	80.17	80.17
Dividend paid to Non-controlling interest							-	(40.73)	(40.73)
Re-measurements of net defined benefit plans	-	(39.65)	-	-	-	-	(39.65)	-	(39.65)
Balance as at 31 March 2017	**21,953.85**	**(2,876.13)**	**2,652.82**	**(277.78)**	**107.37**	**-**	**21,560.13**	**151.25**	**21,711.38**
Profit /(loss) for the year	-	(2,113.43)	-	-	-	-	(2,113.43)	136.51	(1,976.92)
Exchange gain / (loss) on translations during the year	-	-	-	166.05	-	-	166.05	-	166.05
Movement in Capital Reserve during the year	-	-	(2.58)	-	-	-	(2.58)	-	(2.58)
Receipt on exercise of Employee Stock Option	36.31	-	-	-	114.79	-	151.10	-	151.10
Transferred from Share options outstanding account to Securities premium	4.01	-	-	-	(4.01)	-	-	-	-
Re-measurements of net defined benefit plans	-	(40.58)	-	-	-	-	(40.58)	-	(40.58)
Dividend paid to Non-controlling interest	-	-	-	-	-	-	-	(127.32)	(127.32)
Transferred from retained earnings to Statutory reserve	-	(55.78)	-	-	-	55.78	-	-	-
Balance as at 31 March 2018	**21,994.17**	**(5,085.92)**	**2,650.24**	**(111.73)**	**218.15**	**55.78**	**19,720.69**	**160.44**	**19,881.13**

The accompanying notes from 1-52 are an integral part of these consolidated financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Corporate Information

Kaya Limited (hereinafter referred to as 'the Holding Company') headquartered in Mumbai, Maharashtra, India, carries on Skin and Hair care business.

The Clinics offer skin and hair care solutions using scientific dermatological procedures and products. The Holding Company has its subsidiaries in Middle East and joint venture of a subsidiary in Kuwait (together referred as 'Group') The Group also sells skin and hair care products through standalone stores and third-Party outlets. The Holding company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The shares of the Holding Company are listed on Bombay Stock Exchange and National Stock Exchange.

These Consolidated Ind AS financial statements were authorized for issue by the Holding Company's Board of Directors on 4 May 2018.

List of subsidiary companies/ Joint venture:

Name of the Company	Country of Incorporation	Percentage of Ownership as at	
		31 March 2018	31 March 2017
Kaya Middle East FZC	United Arab Emirates	100	100
KME Holdings Pte. Limited	Singapore	100	100
Kaya Middle East DMCC	United Arab Emirates	100	100
IRIS Medical Centre LLC	United Arab Emirates	85*	85*
Minal Medical Centre LLC	United Arab Emirates	75*	75*
Minal Specialised Clinic Dermatology LLC	United Arab Emirates	75*	75*

* Includes 51% held by other shareholder, which has been assigned to Kaya Middle East DMCC by Memorandum of Association / Shareholders resolution.

Interest in Joint Venture of a subsidiary (Kaya Middle East DMCC)	Country of Incorporation	Percentage of Investee as at	
		31 March 2018	31 March 2017
Kaya - Al Beda JV	Kuwait	49	49

1. **Basis of preparation**

   (a) **Statement of compliance**

   The consolidated Ind AS financial statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India. These are the Group's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2016.

   Up to the financial year ended 31 March 2017, the Group prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included Standards notified under the Companies (Accounting standards) Rules, 2006.

   Details of the Group's Significant accounting policies are included in Note 2.

   (b) **Functional and presentation currency**

   These consolidated Ind AS financial statements are presented in Indian Rupees (INR), which is the Group's functional currency.

   All the financial information has been presented in Indian Rupees (INR) and all amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

   (c) **Basis of measurement**

   The consolidated Ind AS financial statements have been prepared on a historical cost basis, except for the following that are measured at fair values at the end of each reporting period: -

   i. certain financial assets and liabilities and contingent consideration that is measured at fair value; and

ii. defined benefit plans - plan assets measured at fair value

(d) Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into various levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the assets or liability

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(e) First-time adoption

In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Group's first Ind AS financial statements include, the opening balance sheet as at 1 April,2016; Balance sheet as at 31 March 2017 and 31 March 2018; two statements each of profit and loss, cash flow and changes in Equity for the year ended 31 March 2017 and 31 March 2018 together with related notes.

The same accounting policies have been used for all periods presented, except where the Group has made use of exceptions or exemptions allowed under Ind AS 101 in the presentation of the opening Ind AS balance sheet.

The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind AS.

(f) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the consolidated Ind AS financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and income and expenses that are not readily apparent from other sources.

Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i) <u>Estimation of useful life of property, plant and equipment and intangibles</u>

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During the, there was no change in useful lives of property, plant and equipment and intangible assets other than those resulting from store closure /shifting of premises.

The Group at the end of each reporting period, based on external and internal sources of information, assesses indicators and mitigating factors of whether a store (cash generating unit) may have suffered an impairment loss. If it is determined that an impairment loss has been suffered, it is recognised in statement of profit and loss.

ii) Estimation of defined benefit obligation

Provision for employee benefits, gratuity and unpaid leave balance, is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets, etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Notes.

iii) Estimation of recognition of current and deferred taxes

As stated in Note 9, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities, the Group adjudges taxability of amounts in accordance with tax enactment, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

The Group reviews the carrying amount of deferred taxes at the end of each reporting period. The policy for the same has been explained in the note 2(f).

iv) Inventories

An Inventory provision is recognised for cases where the realizable value is estimated to be lower than the inventory carrying value. The Inventory provision is estimated considering several factors, including prevailing sales prices of inventory items, the seasonality of the item's sales profile and losses associated with obsolete/slow moving inventory items.

v) Point reward scheme

Customer award credits having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods and services supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Group at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption /lapse and revenue is accordingly recognised.

vi) Provision and Contingent Liabilities

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

2. Significant accounting policies

(a) Principles of Consolidation

i) Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

ii) The acquisition method of accounting is used to account for business combinations by the Group. The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

iii) Non-controlling interest, where exists, in the net income of consolidated subsidiaries is deducted from the income of the group so as to arrive at net income attributable to the Group only. Non-controlling interest, consisting of proportionate equity attributable to outside shareholders on the date of investment in relevant subsidiary and movement thereof since the date of parent subsidiary relationship, along with other segments of reserve attributable to outside shareholders have been disclosed in the consolidated financial statements separately from liability and equity of shareholders of holding company.

(b) Joint Venture

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated profit and loss, and the Group's share of other comprehensive income of the investee in consolidated other comprehensive income.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

(c) Revenue recognition: -

(i) Revenue from Services

The Group recognises proportionate revenue on consultation and the balance on straight-line basis as the sessions are consumed as based on an internal analysis. Management believes revenue recognition is in line with the effort for the services provided to the customer.

Income from services is recognised net of discounts and indirect tax (Service tax or Goods and Service tax).

(ii) Revenue from Products

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

(iii) Point award schemes

The fair value of the consideration on sale of goods that result in award credits for customers, under the Group's point award schemes, is allocated between the goods supplied and services sold, and the award credits granted.

The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and is recognised as revenue on redemption and/or expected redemption after expiration period.

(iv) Interest Income or Expense

Interest income or expense is accounted basis effective interest rate. The 'effective Interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial assets, or the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the assets (when the assets are not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

(v) Dividend Income

Dividend income is recognised when the right to receive dividend is established.

(d) Leases

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

(e) Inventories

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realisable value. However, these items are realisable at cost if the finished products in which they will be used are expected to be sold at or above cost. Finished goods, stock-in-trade and work-in-progress are valued at lower of cost and net realizable value. Cost is ascertained on weighted average method and in case of finished products and work-in-progress; it includes appropriate production overheads and duties.

(f) Share Based Payments (Employee Stock Option Scheme)

The fair value of options granted under the Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and nonmarket performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specific period).

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

For cash-settled share-based payment transactions, the entity measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

Modification of the terms on which equity instruments were granted may have an effect on the expense that will be recorded. If the fair value of the new instruments is more than the fair value of the old instruments, the incremental amount is recognised over the remaining vesting period in a manner similar to the original amount. If the modification occurs after the vesting period, the incremental amount is recognised immediately. If the fair value of the new instruments is less than the fair value of the old instruments, the original fair value of the equity instruments granted is expensed as if the modification never occurred.

The cancellation or settlement of equity instruments is accounted for as an acceleration of the vesting period and therefore any amount unrecognized that would otherwise have been charged is recognised immediately.

In cases where new equity instruments are identified as a replacement of cancelled equity instruments, in those cases, the replacement equity instruments are accounted for as a modification. The fair value of the replacement equity instruments is determined at grant date, while the fair value of the cancelled instruments is determined at the date of cancellation, less any cash payments on cancellation that is accounted for as a deduction from equity.

(g) Employee benefits

i) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long-term employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period based on independent actuarial valuation. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements because of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment benefits

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Gratuity liability is covered by payment thereof to Gratuity fund, the defined benefit plan under Fund. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. For benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans

The Holding Company pays provident fund contributions to publicly administered provident fund as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(h) Provisions

Provisions for legal claims, service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(i) Income tax: -

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax ('MAT') under the provision of Income-tax Act,1961 is recognised as current tax in the statement of profit and loss. MAT paid in accordance with the laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is a convincing evidence that the Group will pay normal tax.

Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Group.

Current tax assets and liabilities are offset only if, the Group:

1. has a legally enforceable right to set off the recognised amounts; and
2. intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Holding Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognized or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(j) Impairment of non-financial assets: -

The carrying amounts of the Group's non-financial assets, and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Test of impairment of PPE, investment in subsidiaries / associates / joint venture and goodwill are undertaken under Cash Generating Unit (CGU) concept. For Intangible Assets and Investment Properties it is undertaken in asset specific context.

Test of impairment of assets are generally undertaken based on indication of impairment, if any, from external and internal sources of information outlined in para – 12 of Ind AS 36 Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period

(k) Cash and cash equivalents: -

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within other current financial liabilities in the balance sheet.

(l) Financial instruments: -

Recognition and initial measurement: -

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the Management. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

i) Financial assets

Classification

The Group shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

1. The rights to receive cash flows from the asset have expired, or

2. The Group has transferred its rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

3. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

4. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

1. Trade receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

i) Trade receivables which do not contain a significant financing component.

   The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

   For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

   However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ii) Financial liabilities

Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognised initially at fair value.

The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(m) Property, plant and equipment: -

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditure: -

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repairs and maintenance cost are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS: -

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value: -

(i) Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Asset	Life of Assets
Computer hardware, related peripherals, etc.	3 Years
Technologically advanced machineries	2-7 Years
Other plant and equipment	2-9 Years
Furniture and fixtures (including leasehold improvements)	9 years

(ii) Depreciation in respect of assets of foreign subsidiaries are calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Asset	Life of Assets
Computer hardware, related peripherals, etc.	3-5 Years
Building	60 Years
Plant and machinery	2-7 Years
Vehicles	5 Years
Other plant and equipment	2-7 Years
Furniture and fixtures (including leasehold improvements)	3-7 Years

The useful lives have been determined based on technical evaluation done by the management's internal expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

(n) Intangible assets: -

Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use.
- management intends to complete the software and use or sell it.
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits.
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

- Computer software 3 years

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets.

Goodwill

No self-generated goodwill is recognized. Goodwill arises during the course of acquisition of an entity in terms of accounting treatment provided in Ind-AS-103 dealing with 'Business Combination'. Goodwill represents the excess of consideration money over the fair value of net assets of the entity under acquisition. Such goodwill is construed to have indefinite life and as such is not subject to annual amortization but annual test of impairment under IND-AS- 36. Any shortfall in consideration money vis-à-vis fair value of net assets on account of bargain purchase is recognized in OCI at acquisition point and subsequently transferred to capital reserve.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of fiscal year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the fiscal year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(r) Statement of cash flows

The Group's statements of cash flows is prepared using the Indirect method, whereby profit for the period is adjusted for the effect of transaction of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value. These also include bank overdrafts and cash credit facility that form an integral part of the Group's cash management.

(s) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted in the consolidated Ind AS financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management assesses the financial performance and position of the Group and makes strategic decisions. The chief operating decision maker is the Managing Director and the Chairman. Refer note 46 for segment information presented.

(u) Current/ non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

(ii) it is expected to be realised within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Group's normal operating cycle;

(ii) it is due to be settled within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) the Group does not have an unconditional right to defer settlement of the liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for current – non-current classification of assets and liabilities.

(v) Foreign currency

The functional currency of the Holding Company is the Indian Rupee (`) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Assets and liabilities of entities with functional currency other than the functional currency of the Holding Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

(w) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as expense in the period in which they are incurred.

3. Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules 2018, notifying Ind AS 115, Revenue from Contracts with Customers, Appendix to Ind AS 21, Foreign currency transactions and advance consideration and amendments to certain other standards. These amendments are applicable to the Group from 1 April 2018. The Group will be adopting the amendments from their effective date.

(a) Ind AS 115, Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and services to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied either retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

The Group is in the process of evaluating the impact of application of this Standard on the financial statements.

(b) Appendix to Ind AS 21, Foreign currency transaction and advance consideration

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipt of advance consideration.

The Group is in the process of evaluating the impact of the Appendix on the financial statements.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

	Building	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
3. Property, plant and equipment							
Year ended 31 March 2017							
Gross carrying amount							
Deemed cost as at 1 April 2016	555.07	1,024.30	4,525.49	1,066.11	140.61	9.99	7,321.57
Additions	-	337.12	1,389.28	1,032.21	107.94	11.46	2,878.01
Acquisition (Refer Note (b) below)	-	-	178.20	12.38	14.44	20.00	225.02
Disposals/adjustments (Refer Note (d) below)	11.65	17.40	68.43	60.95	3.94	1.07	163.44
Closing gross carrying amount	**543.42**	**1,344.02**	**6,024.54**	**2,049.75**	**259.05**	**40.38**	**10,261.16**
Accumulated depreciation							
Depreciation charge for the year	18.79	159.94	1,323.93	355.35	44.68	12.44	1,915.13
Disposals/adjustments during the year	-	-	-	-	-	-	-
Closing accumulated depreciation	**18.79**	**159.94**	**1,323.93**	**355.35**	**44.68**	**12.44**	**1,915.13**
Net carrying amount as at 31 March 2017	**524.63**	**1,184.08**	**4,700.61**	**1,694.40**	**214.37**	**27.94**	**8,346.03**
Year ended 31 March 2018							
Opening gross carrying amount	543.42	1,344.02	6,024.54	2,049.75	259.05	40.38	10,261.16
Additions during the year	-	371.01	1,545.15	838.35	85.60	-	2,840.11
Disposals/adjustments (Refer Note (d) below)	(2.46)	46.29	175.48	345.17	(18.04)	(0.33)	546.11
Closing gross carrying amount	**545.88**	**1,668.74**	**7,394.21**	**2,542.93**	**362.69**	**40.71**	**12,555.16**
Accumulated depreciation							
Opening accumulated depreciation	18.79	159.94	1,323.93	355.35	44.68	12.44	1,915.13
Depreciation charge for the year	18.25	274.93	1,337.09	479.79	100.78	12.13	2,222.97
Disposals/adjustments during the year	(4.00)	46.09	97.79	232.25	4.64	14.87	391.64
Closing accumulated depreciation	**41.04**	**388.78**	**2,563.23**	**602.89**	**140.82**	**9.70**	**3,746.46**
Impairment Provision							
Provision charge for the year	-	-	156.45	-	-	-	156.45
Disposals/adjustments during the year	-	-	312.75	(2.98)	(0.04)	-	309.73
	-	**-**	**(156.30)**	**2.98**	**0.04**	**-**	**(153.28)**
Net carrying amount as at 31 March 2018	**504.84**	**1,279.96**	**4,987.28**	**1,937.06**	**221.83**	**31.01**	**8,961.98**

Notes:

(a) Refer Note 44(c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(b) During the previous year, Kaya Middle East DMCC acquired Minal Medical Centre LLC and Minal Specialised Dermatology Clinic LLC, two subsidiaries, under sale and purchase agreement for an aggregate consideration of ₹ 4,167.70 lakhs (AED 225.00 lakhs). The consideration has been allocated between net assets taken over, non compete fees of ₹ 424.85 lakhs [Refer Note 4] and goodwill on consolidation of ₹ 3,502.31 lakhs [Refer Note 5].

(c) Capital work-in-progress mainly comprises capital expenditure incurred towards under construction clinics and stores of the Company at various locations.

(d) Disposal / adjustments includes Foreign currency translation reserves of ₹ 285.97 lakhs (31 March 2017 - ₹ 116.68 lakhs).

(e) Table showing movement from Gross block to Deemed cost as on 1 April 2016.

	Building	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Gross block as on 1 April 2016	558.95	1,247.03	13,719.17	5,251.04	700.43	35.43	21,512.05
Accumulated depreciation as on 1 April 2016	3.88	222.73	9,193.68	4,184.93	559.82	25.44	14,190.48
Deemed cost as on 1 April 2016	**555.07**	**1,024.30**	**4,525.49**	**1,066.11**	**140.61**	**9.99**	**7,321.57**

(₹ in lakhs)

		Computer Software	Trademarks and Copyright	Goodwill	Non compete fees	Total
4.	**Intangible assets**					
	Year ended 31 March 2017					
	Gross carrying amount					
	Deemed cost as at 1 April 2016	266.65	-	215.27	-	481.92
	Additions during the year	55.52	-	-	-	55.52
	Acquisition (Refer Note 3(b))	-		-	424.85	424.85
	Disposals/adjustments during the year (Refer Note 3(d))	1.80	-	3.57	-	5.37
	Closing gross carrying amount	**320.37**	**-**	**211.70**	**424.85**	**956.92**
	Accumulated amortisation					
	Charge for the year	53.05	-	-	36.51	89.56
	Disposals during the year	-		-	1.10	1.10
	Closing accumulated amortisation	**53.05**	**-**	**-**	**35.41**	**88.46**
	Net carrying amount as at 31 March 2017	**267.32**	**-**	**211.70**	**389.44**	**868.46**
	Year ended 31 March 2018					
	Opening gross carrying amount	320.37	-	211.70	424.85	956.92
	Additions during the year	117.28	-	-	-	117.28
	Acquisition (Refer Note 3(b))	-	-	-	-	-
	Disposals during the year	(0.79)	-	(0.04)	(1.93)	(2.76)
	Closing gross carrying amount	**438.44**	**-**	**211.74**	**426.78**	**1,076.96**
	Accumulated amortisation					
	Opening accumulated depreciation	53.05	-	-	35.41	88.46
	Charge for the year	65.66	-	-	141.54	207.20
	Disposals during the year	(0.19)	-	-	(0.88)	(1.07)
	Closing accumulated amortisation	**118.90**	**-**	**-**	**177.83**	**296.73**
	Net carrying amount as at 31 March 2018	**319.54**	**-**	**211.74**	**248.95**	**780.23**

(a) Table showing movement from Gross block to Deemed cost as on 1 April 2016

Gross block as on 1 April 2016	538.49	-	269.89	-	808.38
Accumulated depreciation as on 1 April 2016	271.84	-	54.62	-	326.46
Deemed cost as on 1 April 2016	**266.65**	**-**	**215.27**	**-**	**481.92**

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
5.	**Goodwill on Consolidation**			
	Opening balance	10,082.31	7,006.17	5,914.44
	Add: Foreign currency translation difference	304.60	(426.17)	586.16
	Add: Goodwill on acquisition [Refer Note 3(b)]	-	3,502.31	505.57
	Closing balance	**10,386.91**	**10,082.31**	**7,006.17**

The Group tests goodwill annually for impairment.

Goodwill of ₹ 10,386.91 lakhs (March 31, 2017: ₹ 10,082.31) has been allocated to the Kaya business in middle east. The estimated value-in-use of this CGU is based on the future cash flows using a 4.00% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 11.80%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
6.	**Loans - Non-current (Unsecured, considered good)**			
	Inter corporate deposit	-	2,000.00	-
	Loans to employees	-	4.97	3.78
	Total	**-**	**2,004.97**	**3.78**
7.	**Security deposits - Non-current**			
	Security deposits	1,602.37	1,559.23	1,494.94
	Less : Provision for doubtful deposits	(21.04)	-	-
	Total	**1,581.33**	**1,559.23**	**1,494.94**
8.	**Other non-current financial assets (Unsecured, considered good)**			
	Term deposits with banks with maturity period more than 12 months@	1.08	26.37	15.54
	Interest accrued on term deposits with banks	-	0.96	1.16
	Interest accrued on inter corporate deposits	-	135.30	-
	Total	**1.08**	**162.63**	**16.70**

@ Term deposits with bank include ₹ 1.08 lakhs (31 March 2017 - ₹ 2.88 lakhs ; 1 April 2016: ₹ 0.72 lakhs) deposited with sales tax authorities and ₹ Nil (31 March 2017 - ₹ 23.49 lakhs ; 1 April 2016: ₹ 14.82 lakhs) held as lien by bank against guarantees issued on behalf of the Holding Company.

(₹ in lakhs)

			Year ended 31 March 2018	Year ended 31 March 2017
9.	**Deferred tax assets**			
A.	**The major components of income tax expense for the year are as under:**			
	(i)	**Income tax recognised in the Statement of Profit and loss**		
		Current tax		
		In respect of current year	-	-
		Adjustments in respect of previous year	-	-
		Deferred tax		
		In respect of current year	(37.81)	(254.31)
		Income tax recognised in the Statement of Profit and loss	**(37.81)**	**(254.31)**
	(ii)	**Income tax expense recognised in OCI**		
		Deferred tax	-	-
		Deferred tax (expense)/benefit on net fair value gain on investments in debt instruments through NCI	-	-
		Deferred tax (expense) on remeasurement benefits of defined benefit plans	-	-
		Income tax (expense) recognised in OCI	**-**	**-**

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
B.	**Reconciliation of tax expense and the accounting profit for the year is as under:**		
	Loss before tax	(1,928.76)	(2,980.06)
	Income tax expense calculated at 30.90%	(595.99)	(920.84)
	Tax effect on non - deductible expenses	(0.50)	3.15
	Effect of income tax losses for which no deferred income tax was recognised	159.74	291.19
	Others on account of liability reversal, fair valuation, etc.	398.94	372.20
	Total Income tax (credit)	**(37.81)**	**(254.31)**

C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:

As at 31 March 2018

	Balance Sheet	**Profit and loss**	**OCI**	**Balance Sheet**
	1 April 2017	For year ended 31 March 2018	For year ended 31 March 2018	31 March 2018
Difference between written down value/ capital work in progress of fixed assets as per books of accounts and Income tax Act, 1961	922.51	6.43	-	916.08
Provision for doubtful debts	0.49	0.49	-	0.00
Depreciation impact including unabsorbed depreciation brought forward and for current year	941.28	(179.32)	-	1,120.60
Others	204.57	134.59	-	69.97
Deferred tax (credit)		**(37.81)**	**-**	
Net Deferred tax assets	**2,068.85**			**2,106.65**

As at 31 March 2017

	Balance Sheet	**Profit and loss**	**OCI**	**Balance Sheet**
	1 April 2016	For year ended 31 March 2017	For year ended 31 March 2017	31 March 2017
Difference between written down value/ capital work in progress of fixed assets as per books of accounts and Income tax Act, 1961	998.81	76.30	-	922.51
Provision for doubtful debts	8.97	8.48	-	0.49
Depreciation impact including unabsorbed depreciation brought forward and for current year	518.49	(422.79)	-	941.28
Others	288.27	83.70	-	204.57
Deferred tax (credit)		**(254.31)**	**-**	
Net Deferred tax assets	**1,814.54**			**2,068.85**

As at 1 April 2016

	Balance Sheet
	1 April 2016
Difference between written down value/capital work in progress of fixed assets as per books of accounts and Income tax Act, 1961	998.81
Provision for doubtful debts	8.97
Depreciation impact including unabsorbed depreciation brought forward and for current year	518.49
Others	288.27
Net Deferred tax assets	**1814.54**

As at 31 March 2018, 31 March 2017 and 1 April 2016, the Group has recognied deferred tax assets on unabsorbed depreciation and other items of deferred tax assets on the basis of reasonable certainty that the same will be utilized against taxable profits in future. The Company has not recognised deferred tax assets on carried forward business losses as it is not probable that future taxable profit will be available in near future to absorb such losses.

As at 31 March 2018, 31 March 2017 and 1 April 2016, there are no deferred tax liabilities.

Tax Losses not recognised (₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	Unused tax losses for which no deferred tax asset has been recognised	4,931.34	4,414.38	3,472.01
	Potential tax benefit @ 30.9%	1,523.78	1,364.04	1,072.85
10.	**Non-current tax assets**			
	Balance at the beginning of the year	32.28	44.62	21.18
	Add: Taxes paid during the year	5.97	29.44	23.44
	Less: Refund received during the year	21.89	41.78	-
	Balance at the end of the year	**16.36**	**32.28**	**44.62**
11.	**Other non-current assets (Unsecured, considered good)**			
	Capital advances	345.78	104.53	325.25
	Amounts receivable from a related party [Refer Note 42]	304.75	54.55	-
	Prepaid expenses	609.59	385.68	438.84
	Balances with Government Authorities	10.91	72.14	12.84
	Total	**1,271.03**	**616.90**	**776.93**
12.	**Inventories** *[Refer Note 2(e) for valuation]*			
	Stores, spares and consumables	1,278.16	1,810.38	2,112.00
	Raw materials	354.49	416.43	374.93
	Packing materials	384.45	361.04	288.74
	Work-in-process#	43.26	44.40	6.84
	Finished goods#	2,209.77	2,320.71	2,489.08
	Stock-in-trade#	47.30	44.37	21.08
	Total	**4,317.43**	**4,997.33**	**5,292.67**

Includes Skin and Hair care products

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-down of inventories amounted to ₹ 16.97 lakhs as at 31 March 2018, ₹ 65.96 lakhs as at 31 March 2017 and ₹ 7.65 lakhs as at 1 April 2016. These write-down were recognised as an expense in the Statement of Profit and Loss.

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
13.	**Loans - Current**			
	(Unsecured, considered good)			
	Inter corporate deposit	-	1,000.00	3,000.00
	Loans to employees	280.44	283.63	244.84
	Total	**280.44**	**1,283.63**	**3,244.84**
14.	**Security deposits - Current**			
	(Unsecured, considered good)			
	Security deposits	351.01	265.35	239.12
	Total	**351.01**	**265.35**	**239.12**
15.	**Trade Receivables**			
	Trade receivables	376.52	205.16	176.88
	Less: Allowance for doubtful debts	(2.65)	(1.61)	(29.05)
	Total receivables	**373.87**	**203.55**	**147.83**
	Current portion	373.87	203.55	147.83
	Non-current portion	-	-	-
	Break-up of security details			
	Unsecured, considered good	373.87	203.55	147.83
	Unsecured, considered doubtful	2.65	1.61	29.05
	Total	**376.52**	**205.16**	**176.88**
	Allowance for doubtful debts	(2.65)	(1.61)	(29.05)
	Total	**373.87**	**203.55**	**147.83**

Note: For credit risk and provision for loss allowance refer Note 40 (A)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
16.	**Cash and Bank balances**			
	(A) Cash and cash equivalents:			
	Balances with Banks			
	In current accounts	1,825.31	1,346.64	2,644.87
	Cash on hand	158.03	154.18	132.92
	Cheques on hand	-	4.92	-
		1,983.34	1,505.74	2,777.79
	(B) Other bank balances with Banks			
	Term deposit with a bank with maturity more than three months but less than twelve months	25.85	36.15	-
		25.85	36.15	-
	Total	**2,009.19**	**1,541.89**	**2,777.79**

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
17.	**Investments**			
	Investment in mutual funds at fair value through Statement of Profit and Loss			
	Unquoted			
	Reliance Corporate Bond Fund - Growth	1,746.85	1,641.23	-
	12,465,815 (31 March 2017 : 12,465,815 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid			
	HDFC Short Term Plan-Reg-Growth	-	1,593.71	-
	Nil (31 March 2017 : 4,917,369 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid			
	ICICI Prudential Money Market Fund-Growth	221.38	380.17	-
	92,426 (31 March 2017 : 169,431 ; 1 April 2016 : NIL) Units of ₹ 100 each fully paid			
	Invesco India Medium Term Bond Fund - Growth	-	1,518.66	-
	Nil (31 March 2017 : 91,578 ; 1 April 2016 : Nil) Units of ₹ 1,000 each fully paid			
	Kotak Bond-Short Term-Growth	-	1,553.82	-
	Nil (31 March 2017 : 5,055,363 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid			
	UTI Money Market Fund-IP-Growth	-	485.11	-
	Nil (31 March 2017 : 26,701 ; 1 April 2016 : Nil) Units of ₹ 1,000 each fully paid			
	Edelweiss Liquid Fund - Super Institutional plan daily dividend	-	-*	-
	Nil (31 March 2017 : 0.4 ; 1 April 2016 : Nil) Units of ₹ 10 each fully paid			
	SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth	-	-	1,006.01
	Nil (31 March 2017 : Nil ; 1 April 2016 : 39,184) Units of ₹ 1,000 each fully paid			
	DHFL Pramerica Low Duration Fund - Growth	-	-	1,502.32
	Nil (31 March 2017 : Nil ; 1 April 2016 : 7,357,120) units of ₹ 10 each fully paid			

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
HDFC Liquid Fund-Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 1,379) Units of ₹ 1,000 each fully paid	-	-	41.17
ICICI Prudential FMP Series 78-95 Days-Plan K-Cumulative Nil (31 March 2017 : Nil ; 1 April 2016 : 15,000,000) Units of ₹ 10 each fully paid	-	-	1,516.83
Kotak Liquid Scheme Plan A-Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 3,915) Units of ₹ 1,000 each fully paid Nil (31 March 2017 : Nil ; 1 April 2016 : 7,357,120) units of ₹ 10 each fully paid	-	-	120.18
Reliance Medium Term Fund - Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 4,791,054) Units of ₹ 10 each fully paid	-	-	1,503.65
Religare Invesco Medium Term Bond Fund - Growth Nil (31 March 2017: Nil ; 1 April 2016 : 98,557) Units of ₹ 1,000 each fully paid	-	-	1,503.29
SBI Magnum Insta Cash Fund -Regular Plan-Growth Nil (31 March 2017 : Nil ; 1 April 2016 : 4,690) Units of ₹ 1,000 each fully paid	-	-	156.85
UTI Floating Rate Fund-STP-Reg-growth Nil (31 March 2017 : Nil ; 1 April 2016 : 61,445) Units of ₹ 1,000 each fully paid	-	-	1,503.68
SBI Premier Liquid Fund - Reg - Growth 1,475 (31 March 2017 : Nil , 1 April 2016 : Nil) Units of ₹ 1,000 each fully paid	40.07	-	-
Total	**2,008.30**	**7,172.70**	**8,853.98**
Aggregate amount of unquoted investments	**2,008.30**	**7,172.70**	**8,853.98**
Market value/ Net asset value of unquoted investments	**2,008.30**	**7,172.70**	**8,853.98**

* Amount is below rounding off norms of the Group. (₹ 4.00)

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
18.	**Other current financial assets**			
	(Unsecured, considered good)			
	Interest accrued on inter corporate deposits	-	67.32	209.79
	Others	0.97	178.85	127.72
	Total	**0.97**	**246.17**	**337.51**
19.	**Other current assets**			
	Advances to suppliers	1,108.70	1,448.99	819.62
	Less: Provision for doubtful advances	(67.65)	-	-
		1,041.04	1,448.99	819.62
	Advances given to a party	-	-	318.34
	Balances with Government Authorities	250.21	62.89	104.18
	Prepaid expenses	1,117.20	1,102.33	933.94
	Amounts receivable from related parties [Refer Note 42]	-	331.17	20.37
	Other assets	215.61	-	-
	Total	**2,624.06**	**2,945.38**	**2,196.45**
20	**Equity share capital**			
	Authorised			
	34,000,000 (31 March 2017: 34,000,000; 1 April 2016: 34,000,000) equity shares of ₹ 10 each	3,400.00	3,400.00	3,400.00
	Issued, subscribed and fully paid up			
	13,030,854 (31 March 2017 : 13,022,564 ; 1 April 2016: 12,897,100) equity shares of ₹10 each fully paid up	1,303.09	1,302.26	1,289.71
		1,303.09	**1,302.26**	**1,289.71**

		As at 31 March 2018		As at 31 March 2017	
		No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
a)	**Reconciliation of number of equity shares**				
	Equity Shares:				
	Balance as at the beginning of the year	13,022,564	1,302.26	12,897,100	1,289.71
	Add: Shares issued during the year under Employee Stock Option plan [Refer Note 42]	8,290	0.83	125,464	12.55
	Balance as at the end of the year	**13,030,854**	**1,303.09**	**13,022,564**	**1,302.26**

b) Rights, preferences and restrictions attached to shares

The Group has one class of equity shares having a par value of ₹ 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.

c) **Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Group**

	As at 31 March 2018		As at 31 March 2017		As at 31 March, 2016	
	%	No. of shares	%	No. of shares	%	No. of shares
Harish C Mariwala with Kishore V Mariwala (As representative of Valentine Family Trust)	11.27%	1,467,520	11.27%	1,467,520	11.27%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Aquarius Family Trust)	11.27%	1,467,520	11.27%	1,467,520	11.27%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Taurus Family Trust)	11.27%	1,467,520	11.27%	1,467,520	11.27%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Gemini Family Trust)	11.27%	1,467,520	11.27%	1,467,520	11.27%	1,467,520

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
21.	**Other Equity**			
	Capital Reserve			
	Balance as at the beginning of the year	2,652.82	2,652.82	2,652.82
	Less: Addition during the year	(2.58)	-	-
	Balance as at the end of the year	2,650.24	2,652.82	2,652.82
	Securities premium reserve			
	Balance as at the beginning of the year	21,953.85	21,497.60	21,497.60
	Add: Transferred from Deferred employee compensation reserve	4.01	92.38	-
	Add: Receipt on exercise of Employee Stock option	36.31	363.87	-
	Balance as at the end of the year	21,994.17	21,953.85	21,497.60
	Share Options Outstanding Account			
	Balance as at the beginning of the year	107.37	95.83	95.83
	Less: Transferred to Securities premium reserve	(4.01)	(92.38)	-
	Add: Compensation for employee stock option granted	114.79	103.92	-
	Balance as at the end of the year	218.15	107.37	95.83
	Statutory reserve			
	Balance as at the beginning of the year	-	-	-
	Add: Transferred from retained earnings to Statutory reserve	55.78	-	-
	Balance as at the end of the year	-	-	-
		55.78	-	-
	Foreign currency translation reserve			
	Balance as at the beginning of the year	(277.78)	-	-
	Exchange gain / (loss) on translations during the year	166.05	(277.78)	-
	Balance as at the end of the year	(111.73)	(277.78)	-

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Retained earnings			
Balance as at the beginning of the year	(2,876.13)	58.38	58.38
Loss for the year	(2,113.43)	(2,894.86)	-
Less: Transferred to Statutory reserve from retained earnings	(55.78)	-	-
Remeasurements of net defined benefit plan	(40.58)	(39.65)	-
Balance as at the end of the year	(5,208.52)	(2,876.13)	58.38
Total	**19,720.69**	**21,560.13**	**24,304.63**

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

Share Options Outstanding Account

The Group has established various equity-settled/cash-settled share-based payment plans for certain categories of employees of the Group. Refer Note 43 for further details on these plans.

Capital reserve

Capital reserve is created in Financial year 2014-15 at time of Amalgamation of Marico Kaya Enterprises Limited('MaKE') with the Holding Company.

Statutory reserve

Statutory reserve is created by appropriating 10% of the profit of the subsidiary companies as required by Article 103 of the UAE Federal Law No. (2) of 2015. The shareholders may resolve to discontinue such deduction when the reserves totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law.

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
22. Non- current borrowings			
Secured			
Loan from a bank	1,354.97	1,884.61	-
Total	**1,354.97**	**1,884.61**	**-**

Nature of security:

Loan outstanding as at 31 March 2018 is secured by following:

1. Assignment of contractual rights of credit card receivables from Merchant Bank
2. Assignment pledge and assignment over bank account and acknowledgement of assignment from KME
3. Corporate guarantees by Kaya Limited of ₹ 5,813.80 lakhs (31 March 2017 - ₹ 7,451.91 lakhs)
4. Mortgage over office owned by a related party located in Mazaya Business Avenue

Interest rate & terms of repayment

Term Loan from Standard Chartered Bank for Kaya Middle East FZC & Kaya Middle East DMCC carries interest at LIBOR plus 2.75%. Original loan amount of ₹ 3,838.34 lakhs (31 March 2017 - ₹ 3,173.62 lakhs) is payable in 12 equal quarterly instalments of ₹ 345.91 lakhs (31 March 2017 - ₹ 290.40 lakhs along with interest commencing from 29 November, 2016. Loan amount outstanding of ₹ 1,192 lakhs (31 March 2017 - ₹ 1,057.87 lakhs) as at 31 March 2018 is shown under Other current liabilities as Current maturities of long term debt [Refer Note 29].

The carrying amount of assets hypothecated / mortgaged as security as in points 1 to 4 above for non-current borrowings are:

(₹ in lakhs)

	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	First and exclusive hypothecation charge on all existing and future receivables and current assets			
	Credit card receivables	111.50	96.63	-
	Bank balances	1,107.57	911.70	-
		1,219.07	**1,008.33**	**-**
	Second pari passu hypothecation charge on all existing and future moveable fixed assets			
	Building	504.84	524.63	-
		504.84	**524.63**	**-**
	Total	**1,723.91**	**1,532.96**	**-**
23.	**Long-term provisions**			
	Provision for employee benefits [Refer Note 47]			
	Provision for gratuity	902.81	577.30	534.39
	Other provisions			
	Provision for site restoration [Refer Note 28(i)]	22.65	24.76	23.05
	Total	**925.46**	**602.06**	**557.44**
24.	**Other non-current liabilities**			
	Secured			
	Employee deposits	-	-	99.20
	Employee benefits payable	-	-	1,500.12
	Total	**-**	**-**	**1,599.32**

Note:
Employee Deposit comprise deposit from an employee stock option holder.
As per the terms, on exercise of the option, the deposit will be adjusted towards the exercise value. In case, the options are not exercised, the deposit will be refunded to the option holder.

25.	**Short-term borrowings**			
	Loans repayable on demand			
	Secured			
	Cash credit facility [Refer Note below]	-	58.95	-
	Total	**-**	**58.95**	**-**

Note:
Cash credit facility from a bank is secured by first and exclusive hypothecation charge on all existing and future receivables and current assets and second pari passu hypothecation charge on all existing and future moveable fixed assets of the Holding Company. This cash credit facility carries interest rate at 6 month MCLR plus 1.95%.

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
26.	**Trade payables**			
	Due to Micro, Small and Medium Enterprises [Refer Note below]	-	-	-
	Due to related parties [Refer Note 42]	79.08	38.73	84.72
	Due to others	3,424.30	3,399.27	3,678.28
	Total	**3,503.38**	**3,438.00**	**3,763.00**
	The disclosure pursuant to the said Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are as follows:			
	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 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.	-	-	-
	Total	**-**	**-**	**-**
27.	**Other current financial liabilities**			
	Current maturities of long term debt [Refer Note 22]	1,192.00	1,057.87	-
	Book overdraft	9.07	66.65	29.21
	Capital creditors	81.07	106.24	90.92
	Total	**1,282.14**	**1,230.76**	**120.13**
28.	**Short-term provisions**			
	Provision for employee benefits [Refer Note 47]			
	Provision for compensated absences	627.58	654.30	587.52
	Provision for gratuity	69.11	286.36	215.00
	Other provisions			
	Provision for site restoration [Refer Note (i) below]	6.80	5.20	6.40
	Other provisions [Refer Note (ii) below]	-	340.36	340.36
	Total	**703.49**	**1,286.22**	**1,149.28**

(i) Provision for site restoration cost:

Balance at the beginning of the year	29.96	29.45	-
Additions during the year	0.40	2.10	-
Less: Provision utilised/written back during the year	(0.91)	(1.59)	-
Balance at the end of the year	**29.45**	**29.96**	**-**
Classified as Non-current:	22.65	24.76	23.05
Classified as current:	6.80	5.20	6.40
Total	**29.45**	**29.96**	**29.45**

The Group uses various leased premises. 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. Provision written back during the previous year represents site restoration cost written back due to revision in estimated probable liability towards restoration of leased premises.

(ii) 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 Group.

Balance at the beginning of the year	340.36	340.36
Add: Amounts provided during the year	-	-
Less: Liabilities written back during the year related to a statutory matter	(340.36)	-
Balance at the end of the year	**-**	**340.36**

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
29.	**Other current liabilities**			
	Advance from customers	6,959.53	7,160.71	7,834.31
	Statutory dues payable	392.68	205.51	170.07
	Employee benefits payable	660.14	5,267.29	1,410.62
	Amounts payable to a related party [Refer Note 42]	-	116.83	15.68
	Employee deposit	-	95.54	4.26
	Others	198.42	188.49	29.25
	Total	**8,210.77**	**13,034.37**	**9,464.19**

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
30.	**Revenue from operations**		
	Sale of services#	34,369.95	35,213.13
	Sale of products#	5,614.69	5,672.63
	Other operating revenue (Management fees)	53.66	21.15
	Total	**40,038.30**	**40,906.91**

Skin and Hair care products and services

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
31.	**Other income**		
	Interest income on:		
	Bank deposits	81.03	312.09
	Income tax refund	11.84	2.93
	Others	16.76	0.31
		109.63	**315.33**
	Unwinding of discount on security deposits	123.33	118.70
	Net gain on sale of current investments (including fair value (gain)/loss 31 March 2018 - (₹ 93.28) lakhs ; 31 March 2017 - ₹ 8.16 lakhs)	379.95	654.65
	Liabilities written back to the extent no longer required (net)	340.36	18.29
	Provision for doubtful debts written back to the extent no longer required	-	27.50
	Dividend income on current investments	-	1.22
	Miscellaneous income	1.88	-
	Total	**955.15**	**1,135.69**
32.	**Cost of materials consumed**		
	Raw materials consumed	3,331.53	3,517.40
	Packing materials consumed	579.16	614.78
	Total	**3,910.69**	**4,132.18**
33.	**Changes in inventories of finished goods, work–in–progress and stock–in–trade**		
	Opening inventories		
	Finished goods	2,320.71	**2,489.08**
	Work-in-progress	44.40	6.84
	Stock-in-trade	44.37	21.08
	Closing inventories		
	Finished goods	2,209.77	2,320.71
	Work-in-progress	43.26	44.40
	Stock-in-trade	47.30	44.37
	Total changes in inventories of finished goods, work–in–process and stock–in–trade - Decrease	**109.15**	**107.52**
34.	**Employee benefits expense**		
	Salaries, wages and bonus	13,099.15	13,209.34
	Contribution to provident and other funds [Refer Note 47]	268.11	253.64
	Defined benefit expense [Refer Note 47]	231.73	202.83
	Staff welfare expenses	966.34	948.03
	Employee stock option charge [Refer Note 43]	572.14	3,151.11
	Total	**15,137.47**	**17,764.95**
35.	**Finance costs**		
	Interest on borrowings	121.20	33.74
	Others	25.52	2.92
	Total	**146.72**	**36.66**

(₹ in lakhs)

		Year ended 31 March 2018	Year ended 31 March 2017
36.	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment	2,222.97	1,915.13
	Amortisation of intangible assets	65.66	53.05
	Amortisation of non compete fees	141.54	36.51
	Total	**2,430.17**	**2,004.69**
37.	**Other expenses**		
	Consumption of consumables and stores and spare parts (includes liabilities written back of ₹ 23.64 lakhs)	3,144.38	3,279.08
	Electricity and water expenses	481.91	421.93
	Rent	5,450.01	5,245.36
	Contract labour charges	366.36	344.36
	Payments to consultants	2,095.21	2,060.30
	Contract Manufacturing Charges	181.41	315.25
	Repairs and maintenance:		
	Plant and machinery	414.81	248.65
	Building	1,102.04	1,048.39
	Others	520.15	509.81
		2,037.00	1,806.85
	Insurance	54.62	63.81
	Rates and taxes	371.92	328.06
	Travelling, conveyance and vehicle expenses	882.81	927.92
	Legal and professional charges	1,595.14	1,479.09
	Printing, stationery and communication expenses (includes liabilities written back of ₹ 1.53 lakhs)	588.45	607.15
	Bank charges	531.27	491.43
	Directors sitting fees [Refer Note 42]	45.05	42.21
	Advertisement and sales promotion	2,822.94	2,842.84
	Freight forwarding and distribution expenses	40.99	37.36
	Net loss on foreign currency transactions and translation	16.08	9.66
	Loss on sale / discarding of fixed assets (net)	8.51	29.65
	Miscellaneous expenses	281.36	572.18
	Provision for doubtful deposits	21.04	-
	Provision for doubtful debts advances	67.65	-
	Total	**21,084.13**	**20,904.49**

38. First-time adoption of Ind AS

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1 April 2017, with a transition date of 1 April 2016. The adoption of Ind AS has been carried out in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Group has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Optional Exemptions

i. Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Previous GAAP carrying value.

ii. Share-based payment transactions

Ind AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. A first-time adopter is encouraged, but is not required, to apply Ind AS 102 to:

(i) equity instruments that vested before the date of transition to Ind AS,

(ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind AS.

The Group has availed this exemption and has not applied fair value to the equity instruments and liabilities that were vested and settled before the date of transition to Ind AS..

The Company has availed this exemption and has not applied fair value to the equity instruments and liabilities that were vested and settled before the date of transition to Ind AS.

iii. Cumulative translation differences

Ind AS 101 permits cumulative transaction gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.

The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

iv. Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group has elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date.

Business combinations occurring prior to the transition date have not been restated. The Group has applied same exemption for investment in subsidiaries, associates and joint ventures.

v. Joint Venture

Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to equity method, an entity should recognise its investment in the joint venture at transition date to Ind AS. That initial investments should be measured as the aggregate of the carrying amounts of assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising from acquisition. The balance of the investment in joint venture at the date of transition to Ind AS, determined in accordance with above is regarded as the deemed cost of the investment at initial recognition. The Group has elected to apply this exemption for its joint venture.

B. Mandatory Exceptions

i. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances existing at the transition date.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS in accordance with Ind AS 101:

i. Reconciliation of Balance Sheet as at 1 April 2016 (Transition Date).
ii. Reconciliation of Balance Sheet as at 31 March 2017 and reconciliation of Statement of Total Comprehensive Income for the year ended 31 March 2017.
iii. Reconciliation of Equity as at 1 April 2016 and 31 March 2017.
iv. Reconciliation of Statement of Cash Flows

The presentation requirements under previous GAAP differ from Ind AS and hence previous GAAP information has been regrouped to bring it in line with Ind AS. The regrouped previous GAAP information is derived from the Standalone Financial Statements of the Company prepared in accordance with the previous GAAP.

I. **Reconciliation of Balance sheet as at 1 April 2016**

(₹ in lakhs)

	Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		7,321.57	-	7,321.57
Intangible assets		481.92	-	481.92
Goodwill		7,006.17	-	7,006.17
Capital work-in-progress		243.57	-	243.57
Financial assets				
Loans		3.78	-	3.78
Security deposits	b	1,930.05	(435.11)	1,494.94
Other financial assets		16.70	-	16.70
Deferred tax assets (Net)	h	-	1,814.54	1,814.54
Non-current tax assets		44.62	-	44.62
Other non-current assets	b	425.03	351.90	776.93
Current assets				
Inventories		5,292.67	-	5,292.67
Financial assets				
Loans		3,244.84	-	3,244.84
Security deposits	b	362.41	(123.29)	239.12
Trade receivables		147.83	-	147.83
Cash and cash equivalents		2,777.79	-	2,777.79
Other Bank balances		-	-	-
Investments	a	8,823.65	30.33	8,853.98
Other financial assets		337.51	-	337.51
Other current assets	b	2,080.73	115.72	2,196.45
TOTAL ASSETS		**40,540.84**	**1,754.09**	**42,294.93**

(₹ in lakhs)

	Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,289.71	-	1,289.71
Other equity	n	23,856.06	448.57	24,304.63
Non-controlling interest		47.23	-	47.23
Non-current liabilities				
Financial liabilities				
Long-term borrowings		-	-	-
Long-term Provisions	f , g	1,158.05	(600.61)	557.44
Other liabilities		99.20	1,500.12	1,599.32
Current liabilities				
Financial liabilities				
Short-term borrowings		-	-	-
Trade payables		3,763.00	-	3,763.00
Other financial liabilities		120.13	-	120.13
Short-term Provisions	g	1,243.16	(93.88)	1,149.28
Other current liabilities	c, e, k	8,964.30	499.89	9,464.19
TOTAL EQUITY AND LIABILITIES		**40,540.84**	**1,754.09**	**42,294.93**

II. Reconciliation of Balance Sheet as at 31 March 2017

	Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		8,346.03	-	8,346.03
Intangible assets	j , l	440.14	428.32	868.46
Goodwill	j , l	10,507.16	(424.85)	10,082.31
Capital work-in-progress		150.95	-	150.95
Financial assets				
Loans		2,004.97	-	2,004.97
Security deposits	b	1,996.69	(437.46)	1,559.23
Others financial assets		162.63	-	162.63
Deferred tax assets (Net)	h	-	2,068.85	2,068.85
Non-current tax assets		32.28	-	32.28
Other non-current assets	b	256.12	360.78	616.90
Current assets				
Inventories		4,997.33	-	4,997.33
Financial assets				
Loans		1,283.63	-	1,283.63
Security deposits	b	376.85	(111.50)	265.35
Trade receivables		203.55	-	203.55
Cash and cash equivalents		1,505.74	-	1,505.74
Other Bank balances		36.15	-	36.15
Investments	a	7,150.53	22.17	7,172.70
Others financial asset		246.17	-	246.17
Other current assets	b	2,844.79	100.59	2,945.38
TOTAL ASSETS		**42,541.71**	**2,006.90**	**44,548.61**

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in lakhs)

	Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,302.26	-	1,302.26
Other equity	n	23,869.51	(2,309.38)	21,560.13
Non-controlling interest		151.25	-	151.25
Non-current liabilities				
Financial liabilities				
Long-term borrowings	i	1,895.25	(10.64)	1,884.61
Long-term Provisions	f , g	1,196.11	(594.05)	602.06
Other liabilities		-	-	-
Current liabilities				
Financial Liabilities				
Short-term borrowings		58.95	-	58.95
Trade payables		3,438.00	-	3,438.00
Other financial liabilities		1,230.76	-	1,230.76
Short-term Provisions	g	1,410.78	(124.56)	1,286.22
Other current liabilities	c, e, k	7,988.84	5,045.53	13,034.37
TOTAL EQUITY AND LIABILITIES		**42,541.71**	**2,006.90**	**44,548.61**

III. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2017

	Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
Income				
Revenue from Operations	c	40,893.88	13.03	40,906.91
Other Income	a , b	1,025.15	110.54	1,135.69
Total Income (I)		**41,919.03**	**123.57**	**42,042.60**
Expenses				
Cost of materials consumed		4,132.18	-	4,132.18
Purchases of stock–in–trade		72.17	-	72.17
Changes in inventories of finished goods, work–in–process and stock–in–trade		107.52	-	107.52
Employee benefits expense	d , e	14,652.66	3,112.29	17,764.95
Finance costs	f , i	45.19	(8.53)	36.66
Depreciation and amortisation expense	l	2,007.06	(2.37)	2,004.69
Other expenses	b , g	20,815.21	89.28	20,904.49
Total expenses (II)		**41,831.99**	**3,190.67**	**45,022.66**

(₹ in lakhs)

	Note	Regrouped Previous GAAP	Ind AS adjustments	Ind AS
Profit / (loss) before share of net profits of investments accounted for using equity method and tax (I - II)		**87.04**	**(3,067.10)**	**(2,980.06)**
Share of net profit / (loss) of joint venture accounted for using equity method		-	(104.53)	(104.53)
Profit / (loss) before tax		87.04	(3,171.63)	(3,084.59)
Tax expense				
Current tax		-	-	-
Deferred tax (net)	h	-	(254.31)	(254.31)
Profit / (loss) for the year (A)		**87.04**	**(2,917.32)**	**(2,830.28)**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurements of net defined benefit plan	d	-	(39.65)	(39.65)
Other Comprehensive Income for the year (B)		**-**	**(39.65)**	**(39.65)**
Total Comprehensive Income for the year (A+B)		**87.04**	**(2,956.97)**	**(2,869.93)**

III A Reconciliation of Equity **(₹ in lakhs)**

	Note	As at 31 March 2017	As at 1 April 2016
Total equity under local GAAP		25,171.77	25,145.77
Adjustment Impact - Gain/ (Loss):			
Customer loyalty programme remeasured at fair value	c	(471.23)	(484.26)
Fair value of ESOP charge	e	(4,457.47)	(1,500.07)
Joint Venture - equity accounting	k	(116.83)	(15.68)
Fair valuation of security deposits	b	(667.66)	(558.40)
Fair valuation of current investments in Mutual Fund	a	22.17	30.33
Recognition of prepaid rent in relation to fair valuation of security deposits	b	576.88	467.62
Reversal of provision for rent equalisation reserves	g	708.16	681.94
Discounting of provision for site restoration	f	10.45	12.55
Deferred tax credit	h	2,068.85	1,814.54
Interest income on security deposits	b	118.70	-
Amortisation of prepaid rent	b	(115.51)	-
Amortisation of non compete fees	l	(35.41)	-
Goodwill amortisation reversed	j	38.88	-
Amortisation of borrowing cost & other deposits	i	10.64	-
Total Ind AS adjustment		**(2,309.38)**	**448.57**
Total equity under Ind AS		**22,862.39**	**25,594.34**

III B Reconciliation of Income Statement (₹ in lakhs)

	Note	Year ended 31 March 2017
Loss after tax under local GAAP		87.04
Customer loyalty programme remeasured at fair value	c	13.03
Loss accounted on Fair valuation of current investments in Mutual Fund	a	(8.16)
Amortisation of prepaid rent	b	(115.51)
Interest income on security deposits	b	118.70
Deferred tax credit	h	254.31
Discounting of provision for site restoration	f	(2.10)
Remeasurements of post employment benefit obligation	d	39.65
Fair valuation of employee stock options granted	e	(3,151.94)
Amortisation of non compete fees	l	(36.51)
Amortisation of goodwill reversed	j	38.88
Amortisation of borrowing cost	i	10.64
Share of loss of joint venture accounted for using equity method	k	(104.53)
Reversal of provision for rent equalisation reserves	g	26.22
Total Ind AS Impact		**(2,917.32)**
Total Loss under Ind AS		**(2,830.28)**

III C Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2017

	Previous GAAP	Ind AS adjustments	Ind AS
Net cash flow from operating activities	(596.90)	(182.52)	(779.42)
Net cash flow from investing activities	(4,080.22)	(86.90)	(4,167.12)
Net cash flow from financing activities	3,343.27	(2.10)	3,341.17
Effect of exchange differences on translation of foreign currency of cash and cash equivalents	54.70	213.42	268.12
Net increase/(decrease) in cash and cash equivalents	(1,279.15)	(58.10)	(1,337.25)
Cash and cash equivalents as at 1 April 2016	**2,777.79**	**(29.21)**	**2,748.58**
Cash and cash equivalents - acquired pursuant to acquisition of business	27.76	-	27.76
Cash and cash equivalents as at 31 March 2017	**1,526.40**	**(87.31)**	**1,439.09**

Note:

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no material impact on the net cash flow for the year ended 31 March 2017 as compared with the previous GAAP

Notes to first time adoption

Following explains the material adjustments made while transitioning from previous GAAP to Ind AS:

a. Fair valuation of investments

"Under previous GAAP, investment in mutual funds were classified as current investments based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value.

Under Ind AS, Investments have been fair valued on initial recognition and subsequently measured at Fair value through Profit and loss. This has resulted in increase in the total equity by ₹ 30.33 lakhs and ₹ 22.17 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has decreased by ₹ 8.16 lakhs.

b. Security Deposits

Under the previous GAAP, interest free lease deposits (that are refundable in cash on completion of the lease term) were recorded at their transaction value.

Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 558.40 lakhs and ₹ 667.66 lakhs as on 1 April 2016 and March, 2017, respectively. The prepaid rent increased by ₹ 467.62 lakhs and 576.88 lakhs as on 1 April 2016 and March, 2017, respectively. Total equity decreased by ₹ 90.78 lakhs and ₹ 90.78 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has decreased by ₹ 115.51 lakhs due to amortisation of prepaid rent which is partially set off by the notional interest income of ₹ 118.70 lakhs on security deposits.

c. Customer Loyalty Programme (Deferred Revenue)

Under the previous GAAP, point award schemes were measured from the standpoint of the grantor, (the Company). Under Ind AS, point award schemes are measured at fair value from standpoint of the holder, (the customer). Consequent to this change, total equity decreased by ₹ 484.26 lakhs and ₹ 471.23 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further total comprehensive income for the year ended 31 March 2017 has increased by ₹ 13.03 lakhs.

d. Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the loss for the year ended 31 March 2017 decreased by ₹ 39.65 lakhs. There is no impact on the total equity as at 31 March 2017.

e. Employee Stock Option Liability

Under previous GAAP, the cost of employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of share-based plan is recognised based on the fair value of the options as at the grant date.

Consequently, the amount recognised in share option outstanding account increased by ₹ 103.92 lakhs as at 31 March 2017 (1 April 2016 - ₹ 1.43 lakhs). The profit for the year ended 31 March 2017 decreased by ₹ 101.94 lakhs.

Under previous GAAP, a share based plan was treated as equity settled scheme. Under Ind AS, the said scheme is cash settled share based plan and accordingly is recognised based on the fair value of the options as at the year end date. Consequently, the amount recognised in employee benefits payable increased by ₹ 4,457.47 lakhs as at 31 March 2017 (1 April 2016 - ₹ 1,500.07 lakhs). The profit for the year ended 31 March 2017 decreased by ₹ 3,050.00 lakhs.

f. Site restoration cost

Under previous GAAP, site restoration cost was recognised based on estimated probable liability towards the restoration of leased premises at the end of lease period. Under Ind AS, site restoration cost are required to be recognised at fair value. Consequent to this change, total equity increased by ₹ 12.55 lakhs and ₹ 10.45 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has decreased by ₹ 2.10 lakhs.

g. Lease rentals

Under previous GAAP, lease payments on all operating leases were recognised as an expense on a straight line basis over the lease term. Under Ind AS, lease payments under operating leases recognised on a straight line basis as expense only if the payments to lessor vary because of factors other than expected general inflation. Consequent to this change, total equity increased by ₹ 681.94 lakhs and ₹ 708.16 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has increased by ₹ 26.22 lakhs.

h. Deferred Tax Asset

Under previous GAAP, deferred tax assets has not been recognised on carried forward business loss, unabsorbed depreciation and other item of deferred tax assets, in absence of virtual certainty of its realisation. Under Ind AS, deferred tax assets has been recognised on unabsorbed depreciation and other items of deferred tax assets on the basis of reasonable certainty that the same will be utilized against taxable profits in future. Consequent to this change, total equity increased by ₹ 1,814.54 lakhs and ₹ 2,068.85 lakhs as on 1 April 2016 and 31 March 2017, respectively. Further, total comprehensive income for the year ended 31 March 2017 has increased by ₹ 254.31 lakhs.

i. Borrowings

Under previous GAAP, transaction costs incurred towards origination of borrowings were charged to Statement of Profit and Loss as and when incurred. Under Ind AS, these transaction costs are required to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method. Consequently, Long term borrowings including current maturity of long term debts as at 31 March 2017 have been reduced by ₹ 10.64 lakhs (1 April 2016 - ₹ Nil) with a corresponding adjustment to Statement of Profit and Loss. The total equity increased by an equivalent amount..

j. Goodwill

Under previous GAAP, Goodwill was amortised over useful life as estimated by management. Under Ind AS, Goodwill is not amortised but assessed for Impairment at each reporting period. Consequent to this change, there is reversal of amortisation of goodwill of ₹ 38.88 lakhs for the year ended 31 March 2017 and resulted to increase in goodwill value and equity as at 31 March 2017.

k. Investments in Joint Venture

Under the previous GAAP, the Group had proportionately consolidated its interest in joint venture. On transition to Ind AS, the Group has accounted for its interest in the joint venture using the ‘equity method’ set out in Ind AS 111 on Joint Arrangements. This has resulted in derecognition of the carrying amounts of assets and liabilities previously consolidated line by line and recognition of their net aggregate amounts so derecognised as initial investment on date of transition. The ‘Regrouped Previous GAAP’ numbers in the reconciliations above are derived after derecognition / elimination of numbers relating to joint ventures. The initial investment is increased or reduced by the Group’s share of profits or losses after the transition date.

l. Non Compete Fees

Under the previous GAAP, excess consideration paid over net assets taken over has accounted as Goodwill at time of acquisition of entity. On transition to Ind AS, the Group has accounted for acquisition of business as per Ind AS 113. This has resulted in decrease in goodwill by ₹ 424.85 lacs as on 31 March 2017 (₹ Nil as on 1 April 2016) and increase by equivalent amount in Non compete fees disclosed under intangible assets. Depreciation / amortisation expenses has increased by ₹ Nil and ₹ 35.41 lakhs as on 1 April 2016 and March, 2017, respectively. Total equity decreased by ₹ Nil and ₹ 35.41 lakhs as on 1 April 2016 and 31 March 2017, respectively.

m. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as ‘other comprehensive income’ includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

n. Retained Earnings

Retained earnings as at 1 April 2016 has been adjusted consequent to the above Ind AS transition adjustment.

39. Fair value measurement

(₹ in lakhs)

Particulars	Notes	31 March 2018		
		FVPL	FVOCI	Amortised cost
Financial assets				
Investments	17	2,008.30	-	-
Trade receivables	15	-	-	373.87
Loans	6 and 13	-	-	280.44
Security deposits	7 and 14	-	-	1,932.34
Cash and cash equivalents	16A	-	-	1,983.34
Other Bank balances	16B			25.85
Others financial asset	8 and 18	-	-	2.05
Total financial assets		**2,008.30**	**-**	**4,597.89**
Financial liabilities				
Long-term borrowings	22	-	-	1,354.97
Short-term borrowings	25	-	-	-
Trade payables	26	-	-	3,503.38
Other financial liabilities	27	-	-	1,282.14
Total financial liabilities		**-**	**-**	**6,140.49**

(₹ in lakhs)

Particulars	Notes	31 March 2017		
		FVPL	FVOCI	Amortised cost
Financial assets				
Investments	17	7,172.70	-	-
Trade receivables	15	-	-	203.55
Loans	6 and 13	-	-	3,288.60
Security deposits	7 and 14	-	-	1,824.58
Cash and cash equivalents	16A	-	-	1,505.74
Other Bank balances	16B			36.15
Others financial asset	8 and 18	-	-	408.80
Total financial assets		**7,172.70**	**-**	**7,267.42**
Financial liabilities				
Long-term borrowings	22	-	-	1,884.61
Short-term borrowings	25	-	-	58.95
Trade payables	26	-	-	3,438.00
Other financial liabilities	27	-	-	1,230.76
Total financial liabilities		**-**	**-**	**6,612.32**

(₹ in lakhs)

Particulars	Notes	As at 1 April 2016		
		FVPL	FVOCI	Amortised cost
Financial assets				
Investments	17	8,853.98	-	-
Trade receivables	15	-	-	147.83
Loans	6 and 13	-	-	3,248.62
Security deposits	7 and 14	-	-	1,734.06
Cash and cash equivalents	16A	-	-	2,777.79
Other Bank balances	16B			-
Others financial asset	8 and 18	-	-	354.21
Total financial assets		**8,853.98**	**-**	**8,262.51**
Financial liabilities				
Long-term borrowings	22	-	-	-
Short-term borrowings	25	-	-	-
Trade payables	26	-	-	3,763.00
Other financial liabilities	27	-	-	120.13
Total financial liabilities		**-**	**-**	**3,883.13**

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels in accordance with the applicable Accounting Standard. An explanation of each level follows underneath the table.

(₹ in lakhs)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2018					
Financial assets					
Investments	17	-	2,008.30	-	2,008.30
Total Financial assets		**-**	**2,008.30**	**-**	**2,008.30**
Financial liabilities	NA	-	-	-	
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2018					
Financial assets	NA	-	-	-	-
Total Financial assets		**-**	**-**	**-**	**-**
Financial liabilities	NA	-	-	-	-
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2017					
Financial assets					
Investments	17	-	7,172.70	-	7,172.70
Total Financial assets		**-**	**7,172.70**	**-**	**7,172.70**
Financial liabilities	NA	-	-	-	
Total Financial liabilities		**-**	**-**	**-**	**-**

(₹ in lakhs)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2017					
Financial assets	NA	-	-	-	-
Total Financial assets		**-**	**-**	**-**	**-**
Financial liabilities	NA	-	-	-	-
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at fair value - recurring fair value measurements as at 1 April 2016					
Financial assets					
Investments	17	-	8,853.98	-	8,853.98
Total Financial assets		**-**	**8,853.98**	**-**	**8,853.98**
Financial liabilities	NA	-	-	-	
Total Financial liabilities		**-**	**-**	**-**	**-**
Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 1 April 2016					
Financial assets	NA	-	-	-	-
Total Financial assets		**-**	**-**	**-**	**-**
Financial liabilities	NA	-	-	-	-
Total Financial liabilities		**-**	**-**	**-**	**-**

The fair value of financial instruments as referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurement) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows:

Level 1: Financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, mutual funds, bonds and debentures, that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is considered here. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows using a risk-free interest rate. The mutual funds are valued using the closing NAV pubhlished by the mutual fund.

Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Group carries such instruments at cost less impairment, if applicable.

(c) Fair value of financial assets and liabilities measured at amortised cost

(₹ in lakhs)

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Other Assets						
Trade receivables	373.87	373.87	203.55	203.55	147.83	147.83
Cash and cash equivalents	1,983.34	1,983.34	1,505.74	1,505.74	2,777.79	2,777.79
Other Bank balances	25.85	25.85	36.15	36.15	-	
Loans	280.44	280.44	3,288.60	3,288.60	3,248.62	3,248.62
Security deposits	1,932.34	1,932.34	1,824.58	1,824.58	1,734.06	1,734.06
Others financial asset	2.05	2.05	408.80	408.80	354.21	354.21
	4,597.89	**4,597.89**	**7,267.42**	**7,267.42**	**8,262.51**	**8,262.51**
Financial Liabilities						
Non current borrowings	1,354.97	1,354.97	1,884.61	1,884.61	-	-
Current borrowings	-	-	58.95	58.95	-	-
Trade payables	3,503.38	3,503.38	3,438.00	3,438.00	3,763.00	3,763.00
Other financial liabilities	1,282.14	1,282.14	1,230.76	1,230.76	120.13	120.13
	6,140.49	**6,140.49**	**6,612.32**	**6,612.32**	**3,883.13**	**3,883.13**

The carrying amounts of trade receivables, trade payables, capital creditors, loans and advances, security deposit, fixed deposit, insurance claim receivable, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

40. Financial Risk Management

Financial risk

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk and market risk . This note presents the Group's objectives, policies and processes for managing its financial risk and capital. The key risks and mitigating actions are also placed before the Board of Directors of the Group. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group manages the risk through the finance department that ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The activities are designed to:

- protect the Group's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Group's financial investments, while maximising returns.

The note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risks	Exposure arising from	Measurement
Market Risk- Foreign Exchange	Future commitment transactions	Cash flow forecasting
Market Risk- Interest Rate Risk	Long term borrowings at variable rates	Sensitivity analysis

(A) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises on liquid assets, financial assets, trade and other receivables.

In respect of its investments the Group aims to minimize its financial credit risk through the application of risk management policies.

Trade receivables are subject to credit limits, controls and approval processes. Basis the historical experience, the risk of default in case of trade receivable is low. Provision is made for doubtful receivables on individual basis depending on the customer ageing, customer category, specific credit circumstances and the historical experience of the Group.

The gross carrying amount of trade receivables is ₹ 376.52 as at 31 March 2018, ₹ 205.16 lakhs as at 31 March 2017 and ₹ 176.88 lakhs as at 1 April 2016.

Reconciliation of loss allowance provision- trade receivables

	31 March 2018	31 March 2017
Loss allowance at the beginning of the year	1.61	29.05
Add : Changes in loss allowances	1.04	(27.44)
Balance at the end of the year	**2.65**	**1.61**

The Group's exposure to credit risk for trade receivables by geographic region was as follows -

Trade receivables	Carrying amount		
	31 March 2018	31 March 2017	1 April 2016
India	369.78	205.16	176.88
U.A.E and Kuwait	6.74	-	-
	376.52	**205.16**	**176.88**

The Group maintains exposure in cash and cash equivalents, term deposits with banks, Loans, Security deposits and other financial assets.

Security deposits are interest free deposits given by the Group for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of Security deposit is ₹ 1,932.34 lakhs as at 31 March 2018, ₹ 1,824.58 lakhs as at 31 March 2017 and ₹ 1,734.06 lakhs as at 1 April 2016.

Advances are given to subsidiaries and joint venture for various operational requirements. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of loans and advances is ₹ 304.75 lakhs as at 31 March 2018, ₹ 385.72 lakhs as at 31 March 2017 and ₹ 20.37 lakhs as at 1 April 2016.

The Group has given inter-corporate deposits (ICD) only to entities authorised by the Board of Directors amounting to ₹ Nil as at 31 March 2018, ₹ 3,202.62 lakhs as at 31 March 2017 and ₹ 3,209. 79 as at 1 April 2016 including interest respectively.

(B) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The current ratio of the Group as at 31 March 2018 is 0.87 (as at 31 March 2017 is 0.98 , as at 1 April 2016 is 1.59) whereas the liquid ratio of the Group as at 31 March 2018 is 0.56 (as at 31 March 2017 is 0.72, as at 1 April 2016 is 1.23)

Maturity patterns of financial liabilities

(₹ in lakhs)

As at 31 March 2018	Notes	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Long-term borrowings	22	-	964.78	130.06	260.13	1,354.97
Short-term borrowings	25	-	-	-	-	-
Trade payables	26	3,503.38	-	-	-	3,503.38
Other financial liabilities	27	1,282.14	-	-	-	1,282.14
Total		**4,785.52**	**964.78**	**130.06**	**260.13**	**6,140.49**

(₹ in lakhs)

As at 31 March 2017	Notes	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Long-term borrowings	22	-	1,056.46	828.15	-	1,884.61
Short-term borrowings	25	58.95	-	-	-	58.95
Trade payables	26	3,438.00	-	-	-	3,438.00
Other financial liabilities	27	1,230.76	-	-	-	1,230.76
Total		**4,727.71**	**1,056.46**	**828.15**	**-**	**6,612.32**

(₹ in lakhs)

As at 1 April 2016	Notes	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Long-term borrowings	22	-	-	-	-	-
Short-term borrowings	25	-	-	-	-	-
Trade payables	26	3,763.00	-	-	-	3,763.00
Other financial liabilities	27	120.13	-	-	-	120.13
Total		**3,883.13**	**-**	**-**	**-**	**3,883.13**

(C) Market Risk

The Grpup is exposed to risk from movements in foreign currency exchange rates and market prices that affect its assets, liabilities and future transactions.

(i) Foreign currency risk

The Grpup is exposed to foreign exchange risk arising from various currency exposures on account of procurement of goods and services, primarily with respect to US Dollar, Singapore Dollar, EURO and AED. The Company's management regularly reviews the currency risk. However, at this stage the Grpup has not entered into any forward exchange contracts or other arrangements to cover this risk as the risk is not material.

The Grpup's exposure to foreign currency risk at the end of the reporting periods are as follows:

(Foreign Currency in lakhs)

As at 31 March 2018	USD	EURO	AED	SGD
Financial assets				
Advance to supplier and related parties	0.69	-	-	-
Bank balances	3.27	0.14	28.53	-
Financial liabilities				
Trade payables	0.91	0.06	-	-

(Foreign Currency in lakhs)

As at 31 March 2017	USD	EURO	AED
Financial assets			
Trade receivables	1.53	0.16	0.06
Advance to supplier and related parties	0.01	-	-
Financial liabilities			
Trade payables	1.21	0.16	0.03

(Foreign Currency in lakhs)

As at 1 April 2016	USD	EURO	AED
Financial assets			
Advance to supplier & related parties	2.63	0.14	0.08
Bank balances	9.78	-	-
Financial liabilities			
Trade payables	0.30	0.01	0.04

Foreign Currency Risk Sensitivity

A change of 1% in foreign currency would have following impact on profit/(loss) before tax:

(₹ in lakhs)

	31 March 2018		31 March 2017		1 April 2016	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	1.98	(1.98)	0.21	(0.21)	8.03	(8.03)
EURO	0.06	(0.06)	-	-	0.10	(0.10)
AED	5.02	(5.02)	0.01	(0.01)	0.01	(0.01)
SGD	-	-	-	-	-	-
(Increase) / decrease in reported Loss	**7.06**	**(7.06)**	**0.22**	**(0.22)**	**8.14**	**(8.14)**

(ii) Interest Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Group has not used any interest rate derivatives.

As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates would have led to approximately an additional ₹ 6.36 lakhs (31 March 2017 - ₹ 7.61 lakhs ; 1 April 2016 - ₹ Nil) in Other Comprehensive Income. A 25 bps decrease in interest rates would have led to an equal but opposite effect.

(iii) Price Risk:

Mutual fund Net Asset Values (NAVs) are impacted by a number of factors like interest rate risk, credit risk, liquidity risk, market risk in addition to other factors. A movement of 1% in NAV on either side can lead to a gain/ loss of ₹ 20.08 lakhs, ₹ 71.73 lakhs and ₹ 88.54 lakhs, on the overall portfolio as at 31 March 2018, 31 March 2017 and 1 April 2016 respectively.

41. Capital Management

The Group aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

42. Related Party Disclosure

I. Relationships

(a) Joint Venture

Kaya - Al Beda JV - (Incorporated in Kuwait)

(b) Key Management Personnel (KMP)

Mr. Harsh Mariwala - Chairman and Managing Director

Mr. B. S. Nagesh - Independent Director

Mr. Irfan Mustafa - Independent Director

Mr. Nikhil Khattau - Independent Director

Mr. Rajen Mariwala - Director

Ms. Ameera Shah - Independent Director

(c) Enterprise over which KMP or their relative have significant influence and transactions have taken place:

Marico Limited

Soap Opera

II. Transactions carried out with related parties referred to in 1(a) to 1(c) above:

(₹ in lakhs)

Nature of transaction	For the year ended 31 March 2018	For the year ended 31 March 2017
Reimbursement of expenses incurred for the group		
Marico Limited	63.00	59.43
Purchase of goods		
Marico Limited	4.27	9.90
Soap Opera	161.93	51.32
Legal and professional charges		
Marico Limited	-	1.38
Rent paid		
Marico Limited	93.22	91.24
Management Fees		
Kaya Al-Beda JV	53.18	20.28
Directors sitting fees		
Mr. B. S. Nagesh	12.01	11.00
Mr. Irfan Mustafa	8.01	8.00
Mr. Nikhil Khattau	9.01	9.00
Mr. Rajen Mariwala	8.01	8.00
Ms. Ameera Shah	8.01	6.00

III. Balances receivable or payable at the year end:

(₹ in lakhs)

Nature of transaction	As at 31 March 2018	As at 31 March 2017	As at April 01, 2016
Trade payables	47.89	29.37	84.72
Marico Limited	31.19	9.36	-
Soap Opera			
Other current liabilities	-	116.83	15.68
Kaya Al-Beda JV			
Security deposit	10.00	10.00	10.00
Marico Limited			
Other current & non current assets	304.75	385.72	20.37
Kaya Al-Beda JV			

43. Share based payments

a) Kaya ESOP 2014:

The Board of Directors of the Holding Company had granted 135,771 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 FZC) (together referred as 'Kaya ESOP 2014'). 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 FZC) was 31 March, 2016 and 31 March 2017, respectively. The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

Kaya ESOP 2014	31 March 2018	31 March 2017
Weighted average share price of options exercised	300	300
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	5,450	130,914
Granted during the year	-	-
Less: Exercised during the year	5,450	125,464
Forfeited/lapsed during the year	-	-
Balance as at end of the year	**-**	**5,450**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**NA**	**1**

b) Kaya ESOP 2016:

During the previous year, the Board of Directors of the Holding Company has granted 253,893 stock options at ₹ 732 per option, to certain eligible employees of the Holding Company and Kaya Middle East FZC (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme I. One stock option is represented by one equity share of Kaya Limited. The Options granted under Kaya ESOP 2016 - Scheme I shall vest over 3 years from the Grant Date in the following manner:

- 20% of the options granted will be vested at the end of first year from the grant date;
- 30% of the options will be vested at end of second year from the grant date;
- 50% of the options will be vested at the end of third year from the grant date.

The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

Kaya ESOP 2016 Scheme - I	31 March 2018	31 March 2017
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	144,558	-
Granted during the year	-	253,893
Less: Exercised during the year	2,840	-
Forfeited/lapsed during the year	18,705	109,335
Balance as at end of the year	**123,013**	**144,558**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**2**	**3**

During the year, the Board of Directors of the Holding Company has granted 27,400 stock options at ₹ 1063.80 per option and 14,700 stock options at ₹ 1063.80 per option, to certain employees of the Holding Company and Kaya Middle East FZC (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme II & Scheme III, respectively. One stock option is represented by one equity share of Kaya Limited.

	31 March 2018	
Kaya ESOP 2016	**Scheme II**	**Scheme III**
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	-	-
Granted during the year	27,400	14,700
Less: Exercised during the year	-	-
Forfeited/lapsed during the year	27,400	-
Balance as at end of the year	**-**	**14,700**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**NA**	**2**

The Group has applied the fair value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted ₹ 76.40 lakhs (31 March 2017: ₹ 59.35) lakhs as compensation cost under the 'fair value' method [Refer Note 34].

Particulars	2018	2017
Aggregate of all stock options to current paid-up equity share capital (percentage)	1%	1%

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

	Kaya ESOP 2016 - Scheme II & III	Kaya ESOP 2016 - Scheme I
Risk - free interest rate (%)	6.00%	7.13%
Expected life of options (years)	2.26	1.5 to 3.5
Expected volatility (%)	39.40%	40.00%
Dividend yield	0.00%	0.00%

c) KME ESOP

The Board of Directors of Kaya Middle East FZC ('Kaya FZC') (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 FZC Employees Stock Option Scheme 2014 (KME FZC) (referred as 'KME ESOP'). One stock option is represented by one equity share of Kaya Middle East FZC. The vesting date is 30 April, 2017 and the Exercise Period is of six months from the vesting date.

Before the vesting date and with communication with the employee, Kaya Middle East FZC in its Board meeting dated 10 May, 2017 modified the Scheme for grant of stock option to the eligible employee of Kaya FZC. The Kaya Middle East FZC Employees Stock Option Scheme 2014 was replaced with Kaya Middle East FZC

Employees Stock Option Scheme 2017. As per the modified scheme, 550 options (as per previous KME ESOP Scheme 2014 - 22 options) were granted on 20 May, 2017 and were vested on 11 May, 2017 and the exercise period was six months from the vesting date. These options were exercised in July 2017 and were allotted on 8 July, 2017

Consequently due to grant of the option the legal status of the entity changed from Free Zone Establishment to a Free Zone Company and on vesting date the face value of each share was changed from AED 150,000 per share to AED 1,000 per share, so accordingly the number of shares has undergone a revision. The above scheme was modified to comply with the Middle East regulations. Upon exercise of the Option, Kaya Middle East FZC /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 FZC. The original and modified schemes are considered as Cash settled under Ind AS as against Equity settled as previously accounted. Subsequently during the year, KME Holding Pte Ltd. (a wholly owned subsidiary of Kaya Limited) acquired the shares of the employee.

KME ESOP	31 March 2018	31 March 2017
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance at the beginning of the year	22	22
Granted during the year due to scheme modification	550	-
Less: Exercised during the year	550	-
Forfeited/lapsed during the year	22	-
Balance as at end of the year	**-**	**22**
Weighted average remaining contractual life of options outstanding at end of period (in years)	**NA**	**1**

This ESOP has been accounted as cash-settled employee share-based plan and accordingly the Company has applied the fair value based method of accounting and has accounted ₹ 495.74 lakhs (31 March 2017 - ₹ 3,049.17 lakhs) as compensation cost under the 'fair value' method [Refer Note 34].

44. Contingent liabilities, Contingent assets and commitments

(a) Contingent liabilities

(₹ in lakhs)

Description	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Claims against the Group not acknowledged as debts in respect of			
- Income tax matters	-	14,738.62	14,671.48
- Sales tax matters	75.97	296.72	384.26
- Service tax matters	436.80	455.19	436.80
- Other matters	-	23.29	19.00
Total	**512.77**	**15,513.82**	**15,511.54**

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

(b) Contingent assets - The Group did not have any Contingent assets as at the end of the year.

(c) Capital and other commitments

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at April 01, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	143.47	57.40	43.21
Unutilized balances of commercial letters of credit	8.86	-	-
Total	**152.33**	**57.40**	**43.21**

NOTES TO CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

45. Leases

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.

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

(₹ in lakhs)

	Year ended 31 March 2018	Year ended 31 March 2017
Lease payments recognised in the Statement of Profit and Loss during the year*	5,450.01	5,245.36
Future minimum lease rentals payable:		
not later than one year	2,713.31	436.05
later than one year but not later than five years	6,854.36	247.80
later than five years	1,691.88	-

* Including Contingent Rent ₹ 10.67 lakhs (31 March 2017 - ₹ 19.40 lakhs ; 1 April 2016 - ₹ 16.05 lakhs)

46. Segment information

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker (“”CODM””) of the Group. The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Chairman and Managing Director.

The Group operates only in one business segment i.e. “” Sale of skin and hair care products and services”” which is reviewed by CODM. No single customer contributes to more than 10% of the Group's revenue. The CODM examines the Group performance from a geographic perspective and has identified two of its following business as identifiable segments.

a) India

b) Middle East

Geographical information

(i) Revenue

(₹ in lakhs)

Particulars	31 March 2018	31 March 2017
India	20,019.11	19,319.27
Middle East	20,019.19	21,587.64
Total	**40,038.30**	**40,906.91**

(ii) Non - current assets*

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
India	6,702.24	8,743.72	6,338.86
Middle East	16,069.16	15,047.76	11,006.72
Total	**22,771.40**	**23,791.48**	**17,345.58**

*Non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets

47. Post retirement benefit plans

I. Defined contribution plan:

The Group has defined contribution plan. Contributions are made to prescribed funds for employees at the specified rates as per respective regulations. The contributions are made to funds administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual or constructive obligation. The expense recognised during the year under defined contribution plan is as under:

(₹ in lakhs)

	Year Ended 31 March 2018	Year Ended 31 March 2017
Contribution to provident fund	204.54	208.75
Contribution to employee state insurance contribution	63.45	44.55
Contribution to labour welfare fund	0.12	0.34
Total	**268.11**	**253.64**

II. Defined benefit plan:

Gratuity:

The Group provides for gratuity to employees in India as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan in India is a funded plan. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

A. Balance sheet amounts - Gratuity

(₹ in lakhs)

	Present value of Obligation	Fair value of plan assets	Net amount
As at 1 April 2016	**840.71**	**91.32**	**749.39**
Current service cost	188.91	-	188.91
Interest expense	39.26	-	39.26
Expected return on plan assets	(18.60)	6.74	(25.34)
Total amount recognised in profit or loss	**209.57**	**6.74**	**202.83**
Remeasurements			
Liabilities acquired	53.77	-	53.77
Exchange differences	(24.14)	-	(24.14)
Actuarial (Gain)/loss from on obligation	43.30	3.65	39.65
Benefit Payments	(157.84)	-	(157.84)
As at 31 March 2017	**965.37**	**101.71**	**863.66**
Current service cost	189.18	-	189.18
Interest expense	41.10	6.68	34.42
Past Service Cost	8.14	-	8.79
Total amount recognised in profit or loss	**238.42**	**6.68**	**231.73**
Remeasurements			
(Gain)/loss from on obligation	38.91	(1.67)	40.58
Benefit Payments	(164.05)	-	(158.75)
As at 31 March 2018	**1,078.65**	**106.72**	**971.92**

B. Recognised in Profit or loss

(₹ in lakhs)

For the year	31 March 2018	31 March 2017
Current service cost	189.18	188.91
Interest expense	34.42	39.26
Past Service Cost	8.14	(25.34)
	231.73	**202.83**

C. Recognised in other comprehensive income

(₹ in lakhs)

For the year	31 March 2018	31 March 2017
Actuarial (Gain)/loss from on obligation	**40.58**	**39.65**
	40.58	**39.65**

D. The Net liability disclosed above relates to funded and unfunded plans are as follows:

(₹ in lakhs)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Present value of funded obligations	1,078.65	965.37	840.71
Fair value of plan assets	(106.72)	(101.71)	(91.32)
Deficit of gratuity plan	**971.92**	**863.66**	**749.39**

E. The significant actuarial assumptions were as follows:

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Discount rate	3.10% to 6.93%	4% to 6.57%	4% to 7.38%
Future salary rise*	5% to 8%	5% to 8%	5% to 11%
Attrition Rate	20 % to 41%	20 % to 41%	14% to 35%

*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market. (The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario.)

F. Sensitivity

The sensitivity of the defined benefit obligations to the changes in the weighted principal assumptions is as under:

(₹ in lakhs)

	31 March 2018		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(33.11)	36.00
Rate of salary increase	1%	34.66	(32.41)
Rate of employee turnover	1%	(4.10)	4.30

(₹ in lakhs)

	31 March 2017		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(29.77)	32.35
Rate of salary increase	1%	31.46	(29.54)
Rate of employee turnover	1%	(2.66)	2.88

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

G. The defined benefit obligations shall mature after year end as follows:

(₹ in lakhs)

Year ending March 31	2018	2017
1st following year	51.75	42.25
2nd following year	38.47	35.52
3rd following year	29.98	26.75
4th following year	24.53	21.03
5th following year	17.48	16.58
Sum of years 6 to 10	36.78	32.31

H. Risk exposure

The Group is exposed to below risks, pertaining to its defined benefit plans.

Asset volatility : The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan assets has investments in insurance/ equity managed fund, fixed income securities with high grades, public/private sector units and government securities. Hence assets are considered to be secured.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

I. Compensated absences

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

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Opening balance of Compensated absences (a)	172.10	150.82	145.33
Present value of compensated absences (As per actuarial valuation) as at the year end (b)	149.42	172.10	150.82

48. **Additional information required by Schedule III:**

Name of the entities	Net Assets i.e. total assets minus total liabilities				Share in profit or loss			
	As a % of consolidated net assets	As a % of consolidated net assets	₹ in lakhs	₹ in lakhs	As a % of consolidated profit or loss	As a % of consolidated profit or loss	₹ in lakhs	₹ in lakhs
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Holding company								
Kaya Limited	88.79%	86.93%	18,808.42	20,006.81	66.25%	55.44%	(1,309.73)	(1,569.11)
Subsidiaries								
KME Holdings Pte. Limited	43.01%	15.59%	9,111.38	3,587.68	0.25%	0.11%	(4.90)	(3.02)
Kaya Middle East FZC	27.63%	6.63%	5,853.20	1,525.22	57.59%	44.59%	(1,138.60)	(1,262.05)
Kaya Middle East DMCC	0.27%	-0.79%	56.31	(181.42)	-12.01%	5.88%	237.34	(166.31)
IRIS Medical Centre LLC	1.63%	1.52%	345.39	349.73	0.30%	-2.96%	(5.90)	83.81
Minal Medical Centre LLC	1.07%	0.86%	227.41	198.79	-19.79%	-4.89%	391.31	138.53
Minal Specialised Clinic Dermatology LLC	0.98%	0.85%	207.11	195.59	-8.01%	-2.46%	158.29	69.49
Joint Venture								
Kaya - Al Beda JV	0.00%	0.00%	-	-	4.35%	3.69%	(85.98)	(104.53)
Subtotal	**163.37%**	**111.60%**	**34,609.21**	**25,682.40**	**88.94%**	**99.40%**	**(1,758.18)**	**(2,813.19)**
Intercompany Elimination and Consolidation Adjustments	-63.37%	-11.60%	(13,424.99)	(2,668.76)	11.06%	0.60%	(218.74)	(17.09)
Grand total	**100.00%**	**100.00%**	**21,184.22**	**23,013.64**	**100.00%**	**100.00%**	**(1,976.92)**	**(2,830.28)**
Minority Interest	0.76%	0.66%	160.44	151.25	-6.91%	-2.28%	136.51	64.58

NOTES TO CONSOLIDATED ONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Name of the entities	Share in other comprehensive income				Share in total comprehensive income			
	As a % of consolidated net assets	As a % of consolidated net assets	₹ in lakhs	₹ in lakhs	As a % of consolidated profit or loss	As a % of consolidated profit or loss	₹ in lakhs	₹ in lakhs
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Holding company								
Kaya Limited	41.33%	-12.79%	(16.77)	5.07	65.75%	54.50%	(1,326.50)	(1,564.04)
Subsidiaries								
KME Holdings Pte. Limited	0.00%	-	-	-	0.24%	0.11%	(4.90)	(3.02)
Kaya Middle East FZC	58.67%	(23.81)	(23.81)	(44.72)	57.62%	45.53%	(1,162.41)	(1,306.77)
Kaya Middle East DMCC	0.00%	-	-	-	-11.76%	5.79%	237.34	(166.31)
IRIS Medical Centre LLC	0.00%	-	-	-	0.29%	-2.92%	(5.90)	83.81
Minal Medical Centre LLC	0.00%	-	-	-	-19.40%	-4.83%	391.31	138.53
Minal Specialised Clinic Dermatology LLC	0.00%	-	-	-	-7.85%	-2.42%	158.29	69.49
Joint Venture								
Kaya - Al Beda JV	0.00%	-	-	-	4.26%	3.64%	(85.98)	(104.53)
Subtotal	**100.00%**	**(40.58)**	**(40.58)**	**(39.65)**	**89.16%**	**99.40%**	**(1,798.76)**	**(2,852.84)**
Intercompany Elimination and Consolidation Adjustments	0.00%	-	-	-	10.84%	0.60%	(218.74)	(17.09)
Grand total	**100.00%**	**(40.58)**	**(40.58)**	**(39.65)**	**100.00%**	**100.00%**	**(2,017.50)**	**(2,869.93)**
Minority Interest	0.00%	-	-	-	-6.77%	-2.25%	136.51	64.58

49. Earnings per share

		Year ended 31 March 2018	Year ended 31 March 2017
(a)	**Basic earnings/(loss) per share**		
	Basic earnings/(loss) per share attributable to the equity holders of the Group (in ₹)	(15.17)	(21.83)
(b)	**Diluted earnings per share**		
	Diluted earnings/(loss) per share attributable to the equity holders of the Group (in ₹)*	(15.17)	(21.83)
(c)	**Earnings/(loss) used in calculating earnings per share**		
	Basic earnings/(loss) per share	(1,976.92)	(2,830.28)
	Diluted earnings/(loss) per share	(1,976.92)	(2,830.28)
(d)	**Weighted average number of shares used as the denominator**		
	Weighted average number of equity shares in calculating basic earnings/(loss) per share	13,028,104	12,965,245
	Dilutive impact of Share Options*	10,251	11,680
	Weighted average number of equity shares and potential equity shares in calculating diluted earning/(loss) per share	**13,038,355**	**12,976,925**

* Since the earnings/(loss) per share computation based on dilutive weighted average number of shares is anti-dilutive, the basic and diluted earnings/(loss) per share is the same.

50. Disclosure in respect of Specified Bank Notes held and transacted:

Particulars	SBNs*	Other denomination	Total
Balance as at 8 November 2016	26.11	0.23	26.33
Less: Paid for permitted transactions	-	-	-
Less: Deposited in bank accounts	26.11	373.35	399.45
Less: Paid for non-permitted transactions (if relevant)	-	-	-
Add: Receipts for permitted transactions	-	396.56	396.56
Add: Receipts for non-permitted transactions (if relevant)	-	-	-
Closing balance as at 30 December 2016	-	23.44	23.44

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated 8 November 2016.

The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

51. The Group in light of losses incurred in the past years is not required to spend any amount towards Corporate Social Responsibility for the year 2017-2018.

52. Figures for the previous year have been audited by a firm of chartered accountants other than B S R & Co. LLP.

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W / W-100022

Rajesh Mehra
Partner
Membership Number: 103145

Place: Mumbai
4 May 2018

For and on behalf of the Board of Directors of Kaya Limited
CIN:L85190MH2003PLC139763

Harsh Mariwala
Chairman and Managing Director
DIN: 00210342

Nikhil Khattau
Director
DIN: 00017880

Naveen Duggal
Chief Financial Officer

Nitika Dalmia
Company Secretary
Membership No. A33501

Place: Mumbai
4 May 2018

Notes

Notes

kaya®
Registered Office: Kaya Ltd.
23/C, Mahal Industrial Area, Opp. Andhra Bank, Mahakalli Caves Road,
Near Paper Box, Andheri (East), Mumbai- 400 093, India.

Website: www.kaya.in email: investorrelation@kayaindia.net