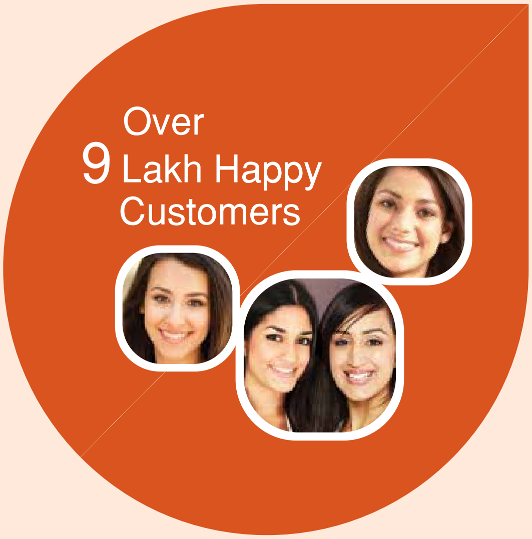
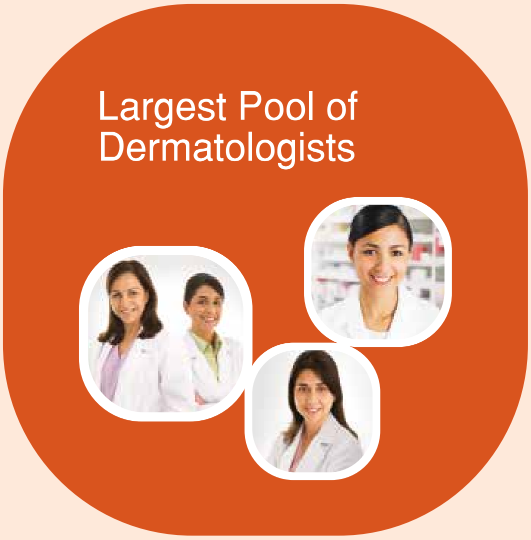
KAYA LIMITED

Leading Specialty Skincare Brand

ANNUAL REPORT 2014-15

The Kaya Advantage





Touched lives of over 9 lakh plus customers through customized skin care solutions

Expertise of over 220 highly qualified dermatologists across India & the Middle East

Expert Skin & Hair Care Products

State of the Art, Safe Technology

Extensive range of everyday expert skin & hair care products that are researched and developed by dermatologists

Extensive suite of advanced technologies that deliver high levels of efficacy confirming to international standards of safety

Kaya Middle East

UAE

14 Clinics
05 Cities

Saudi Arabia

04 Clinics
02 Cities

Oman

01 Clinic
01 City

Kaya India

India

100 Clinics
14 Skin Bars
27 Cities

16 new
Skin Clinics added

11 new
Skin Bars added

kayasmiles™
love what you see™

Over 2 Lacs
active members

50+
Product
Range

Continuous
Addition to
Innovation & Technology

Board of Directors

Harsh Mariwala

Chairman & Managing Director

Nikhil Khattau

Additional Director - Independent

Ameera Shah

Independent Director

Rajen Mariwala

Non-Executive Director

B S Nagesh

Additional Director - Independent

Irfan Mustafa

Additional Director - Independent

COMPANY INFORMATION

Board of Directors	:	Mr. Harsh C. Mariwala Mr. Nikhil Khattau Ms. Ameera Shah Mr. B. S. Nagesh Mr. Rajen Mariwala Mr. Irfan Mustafa (w.e.f. April 28, 2015)
Company Secretary & Compliance Officer	:	Ms. Almas Badar
Audit and Risk Management Committee	:	Mr. Nikhil Khattau, Chairman Mr. B. S. Nagesh, Member Ms. Ameera Shah, Member Mr. Harsh Mariwala, Permanent Invitee to the Committee Ms. Almas Badar, Secretary to the Committee
Nomination & Remuneration Committee	:	Mr. B. S. Nagesh, Chairman Mr. Irfan Mustafa, Member Mr. Rajen Mariwala, Member Mr. Harsh Mariwala, Permanent Invitee to the Committee Ms. Almas Badar, Secretary to the Committee
Stakeholders' Relationship Committee	:	Mr. Nikhil Khattau, Chairman Mr. Subramanian S., Member Mr. Dharmendar Jain, Member Ms. Almas Badar, Secretary to the Committee
Investment, Borrowing and Administrative Committee	:	Mr. Harsh Mariwala, Chairman Mr. Subramanian S., Member Mr. Dharmendar Jain, Member Ms. Almas Badar, Secretary to the Committee
Auditors	:	Price Waterhouse, 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

AWARDS & ACCOLADES

KAYA INDIA

"Aesthetic Chain of the Year"
at Franchise India's
4th Indian Salons & Wellness awards

"ET Best Brands 2015"
at Economic Times Best Brand 2015.

Top 100 **'India's Most Promising Brands'**
at WCRC (World Consulting &
Research Corporation) awards.

"Best in Training & Organization Development"
award at the 4th Asian Leadership Awards

Nominated for 2nd Edition of
"Asia's Most Promising Brands"
at the Asian Brand and Leadership Summit 2014-15,
under the category Personal Care

"25 Most Talented HR Professionals in Retail"
citation to Head - Human resources,
Kaya Limited at Retail Congress (CMO)

KAYA MIDDLE EAST

'Middle East Customer Value Leadership Award for Skin and Hair Treatment Services'
at Frost & Sullivan Awards

Superbrand 2015 – UAE
(awarded for fifth consecutive time)

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to share the performance for the Kaya Group for the year 2014-15.

For the year ending 31st march 2015 Kaya delivered group sales at Rs.3323 Mn which is a growth of 14% over and overall net profit before exceptions of Rs.366 Mn which is up 655%. Kaya India business Grew by 13 % and Kaya Middle east business grew by 16% (14% @ constant currency). The overall EBITDA margins improved by 179 basis points.

With over 13 years of expertise and knowledge wealth in advanced skin care, Kaya has been able to carve out its own niche resulting in the brand's strong equity in the minds of consumers. A pioneer in cosmetic dermatology space, Kaya's strength is that it offers a customized skin care solutions approach which is delivered through Expert Dermatologists, with the application of medical technology. Kaya's offering is comprehensive and covers a wide range of products and services in the areas of Acne, Anti-Ageing, Fairness & Pigmentation, Laser Hair Reduction amongst others with the backing of over 220 Dermatologists and over 1000 well trained staff.

Your company has expanded its reach to customers during the year and now operates 119 clinics together in India & Middle East, crossing the milestone of 100 clinics in India. The journey of expansions will continue in both India and Middle East in the coming years. There are also plans of introducing Hair services by early 2016.

With our systematic focus on innovation and safe skin care solutions, kaya has become the leading company in specialised skin care in India and UAE. Our innovation pipelines are strong for the coming years to ensure advanced and safe skin care solution to meet customer aspirations & needs.

Our entry into skin care product retail through Kaya skin bar has now expanded to 14 stores / kiosks. As we continue to grow our distribution channels, such as freestanding stores, specialty multi-brand retailers, we have also made it our priority to meet and exceed the expectations of our consumers who have increased access to, and aptitude for, technology. We believe e-commerce and m-commerce will remain the fastest-growing channel for some years to come. We have launched Kaya E-commerce portal and have also partnered with other channel partners to expand the reach for kaya branded skin care products.

The loyalty programme Kaya Smiles in India is in its third year of operation and has been growing consistently contributing 83.9% of the revenue. The company has now integrated the program across both clinics and skin bar customers in India.

Your company was presented the "Aesthetics Chain of the Year – 2015" award by Indian Salon & Wellness Awards. It also received "2105 Customer value Leadership award" during the year by Frost & Sullivan awards, Middle East

The foundations of kaya have continued to be strengthened and it needs to be enhanced again and again. I am very confident that the new generation of leaders in our Managing Committee and on the Board of Directors, we will continue to build a successful business and enrich the kaya culture.

I would like to thank you, kaya shareholders, our Leadership Team, our employees and our Board of Directors for a successful year. And I thank you, our fellow shareholders, for your continued trust and investment in our Company.

Sincerely,

Harsh Mariwala
Chairman & Managing Director

Place : Mumbai
Date : 3rd August 2015.

DIRECTORS' REPORT

To the Members,

Your Board of Directors ('Board') is pleased to present the Twelfth Annual Report of your Company, Kaya Limited, for the year ended March 31, 2015 ('the year under review', 'the year' or 'FY15').

In line with the requirements of the Companies Act, 2013, this report covers the financial results and other developments during April 1, 2014 to March 31, 2015 in respect of Kaya Limited ('Kaya') and Kaya Consolidated comprising Kaya and its subsidiaries. The consolidated entity has been referred to as 'Kaya Group' or 'Your Group' in this report.

FINANCIAL RESULTS – AN OVERVIEW		
Consolidated Summary Financials for the Group	**Rs. Crore**	
	Year ended March 31,	
	2015	**2014**
Revenue from Operations	332.27	290.27
Operating EBIDTA	32.74	11.73
Profit before Tax and Exceptional Items	36.58	5.56
Exceptional Items - Income / (expense) (net)	(4.80)	23.13
Profit after Tax	31.78	37.41
Kaya Limited – Financials	**Rs. Crore**	
	Year ended March 31,	
	2015	**2014**
Revenue from Operations	174.08	153.42
Profit before Tax	15.47	39.51
Less: Provision for Tax for the current year	(0.02)	5.55
Profit after Tax for the current year	15.49	33.96
Add : Surplus brought forward	(70.79)	(104.75)
Add : Transfer from Marico Kaya Enterprises Limited pursuant to the Scheme of Arrangement.	0.06	-
Profit available for Appropriation	**(55.24)**	**(70.79)**
Appropriations:	**-**	**-**
Surplus carried forward	**(55.24)**	**(70.79)**

REVIEW OF OPERATIONS

During FY15 Kaya Limited posted revenue from operations of INR 332.3 Crores, a growth of 14% over the previous year. The business delivered an operating margin of 6% and reported Profit before Tax and exception of INR 36.6 Crores (11% of Net Revenue) as compared to Rs. 5.6 Crores (2% of Net Revenue) over last year. The company has substantially improved its performance on both the Revenue and Profits.

DIVIDEND

The Directors have recommended no dividend for the year ended 31st March, 2015.

DIRECTORS' REPORT (Contd.)

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
- Segment-wise performance
- Outlook
- Risks and Concerns
- Internal control systems and their adequacy
- Discussion on financial and operational performance
- Material Developments in Human Resources/ Industrial Relations front, including number of people employed.

CORPORATE SOCIAL RESPONSIBILTY ("CSR")

The statutory provisions in respect of CSR as provided under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as on March 31, 2015 are not applicable to the Company.

PUBLIC DEPOSITS

The Company did not accept any public deposits during the year 2014-15.

SCHEME OF ARRANGEMENT

The Hon'ble High Court of Judicature at Bombay vide its order dated April 18, 2015 had approved the Scheme of Arrangement ("the Scheme") between Marico Kaya Enterprises Limited ("MaKE") and Kaya Limited ("the Company") and their respective Shareholders and Creditors. A copy of the Court order was filed with the Office of Registrar of Companies, Mumbai, Maharashtra on May 13, 2015 and accordingly the Scheme came into effect from May 13, 2015. In accordance with the Scheme, the entire business and whole of the undertaking of MaKE, was transferred to Kaya so as to become the properties and assets of Kaya with effect from the appointed date viz. April 1, 2014 pursuant to Sections 391 to 394 read with sections 100 to 103 of the Companies Act ,1956 and section 52 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013. Upon the Scheme being made effective, the Company allotted 1,28,97,100 fully paid up equity shares of face value of INR 10/- each on June 1, 2015 to the entitled shareholders of MaKE in the prescribed share exchange ratio of 1:1, i.e. 1 (One) Equity Share of the face value of INR 10/- each of Kaya, credited as fully paid-up, shall be issued and allotted for every 1 (One) Equity Share of the face value of INR 10/- each held in MaKE as on the record date i.e. May 27, 2015.

LISTING OF EQUITY SECURITIES

The Company has made an application to Securities Exchange Board of India ("SEBI") through the National Stock Exchange of India Limited and BSE Limited vide its letter dated June 12, 2015 for relaxation from the strict enforcement of the requirement of Rule 19 (2) (b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of its equity securities. The application was made in accordance with SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. As on date this Directors Report, the Company awaits the final listing approval from the National Stock Exchange of India Limited and BSE Limited for commencement of trading of equity shares of the Company.

SUBSIDIARIES OF KAYA LIMITED

The below mentioned companies are the subsidiaries of Kaya as on date of this Report:

1. KME Holdings Pte. Ltd
2. Kaya Middle East DMCC (w.e.f. May 9, 2015)

DIRECTORS' REPORT (Contd.)

3. Kaya Middle East FZE

4. DIPL (Singapore) Pte. Ltd

During the year under review, there are no companies which have become subsidiaries or ceased to be subsidiaries of the Company.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements forming part of this Annual Report.

RELATED PARTY TRANSACTIONS

All transactions with the related parties entered into during the financial year 2014-15 were at arm's length and in the ordinary course of business and in accordance with the provisions of Companies Act, 2013 and the Rules made thereunder. 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 Companies Act, 2013.

All transactions with related parties are placed before the Audit Committee for approval. An omnibus approval of the Audit Committee is obtained for the transactions which are repetitive in nature. In case of transactions which are unforeseen and in respect of which complete details are not available, the Audit Committee grants an omnibus approval to enter into such unforeseen transactions provided the transaction value does not exceed Rs. 1 Crore (per transaction in a financial year). The Audit Committee reviews all transactions entered into pursuant to the omnibus approval(s) so granted on a quarterly basis.

The Board approved Policy on Related Party Transactions is uploaded on the website of the Company.

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 Companies Act, 2013 ("the Act"):

- that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures from the same;
- 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, 2015 and of the profit and loss of your Company for the said period;
- 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.

DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE

A separate section on Corporate Governance is annexed to this Annual Report.

DIRECTORS

Mr. Harsh Mariwala continues to be the Chairman & Managing Director of the Company. During the year under review, the Members at the last Annual General Meeting of the Company held on September 19, 2014 approved the appointment of Ms. Ameera Shah as Independent Director.

Mr. Nikhil Khattau and Mr. B. S. Nagesh have been appointed on the Board of the Company as Additional Directors with effect from March 30, 2015. Mr. Irfan Mustafa was appointed as an Additional Director on the Board with effect from April 28, 2015.

Your Board of Directors recommends the appointment of Mr. Nikhil Khattau, Mr. B. S. Nagesh and Mr. Irfan Mustafa as Independent Directors of the Company for a term of 5 years each.

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 Companies Act, 2013 and also the Clause 49 of the Listing Agreement.

Dr. Ravindra Mariwala and Mr. Rishabh Mariwala have resigned from the Board of Directors of the Company with effect from April 28, 2015.

Director Retiring by Rotation

As per Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Rajen Mariwala being liable to retire by rotation at the ensuing Annual General Meeting of the Company has offered his contention for re-appointment.

MEETINGS OF THE BOARD OF DIRECTORS IN THE FINANCIAL YEAR 2014-2015

The Board of Directors of the Company ("the Board'') met 14 times during the year to deliberate on various matters. Details of the meetings held are laid down in the Corporate Governance Report forming part of this Annual Report.

KEY MANAGERIAL PERSONNEL ("KMP's")

There has been no change in the following Key Managerial Personnel of the Company during the year under review:

- Mr. Harsh Mariwala continues to be the Chairman and Managing Director;
- Mr. Dharmendar Jain is the Chief Financial Officer of the Company;
- Mr. Subramanian S. is the Chief Executive Officer, Kaya Business - India

Ms. Almas Badar was appointed as the Company Secretary of the Company with effect from June 19, 2014.

POLICY ON NOMINATION AND REMUNERATION

Your Board has formulated a Policy on appointment, removal and remuneration of Directors, Key Managerial Personnel and performance evaluation of Independent Directors and the Board. Salient features of the Policy are stated in the Corporate Governance Report forming part of this Annual Report.

BOARD EVALUATION

The Nomination and Remuneration Policy provides for Board Evaluation. The Company has adopted the criteria and framework for Board evaluation and the same shall be implemented by the Board while evaluating their performance.

REMUNERATION OF DIRECTORS AND KMP'S FOR THE YEAR 2014-2015

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as **Annexure II.**

DIRECTORS' REPORT (Contd.)

DISCLOSURE RELATING TO REMUNERATION

The statement containing particulars of remuneration of employees as required under Section 197(12) of the Companies Act, 2013 read with rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in an annexure to the Annual Report. In terms of Section 136(1) of the Companies Act, 2013, the Annual Report is being sent to the Members excluding the aforesaid annexure. However, this annexure 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.

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The composition of the Committee is stated in the Corporate Governance Report forming part of this Annual Report.

The Committee assists the Board in implementation of risk management policy of the Company and in reviewing the risk management plan. The detailed terms of reference of the Committee is set out in the Corporate Governance Report.

INTERNAL FINANCIAL CONTROLS

The Company practices adequate internal controls with reference to financial statements which are also monitored by the internal auditors. The Company is following all the relevant Accounting Standards for appropriately maintaining the books of accounts. The Internal control systems are designed to guarantee dependability of financial reporting, compliance with policies, procedures, applicable laws and regulations, safeguarding of assets and proficient use of resources.

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.

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 the during the year under review, the Committee received two complaints on sexual harassment and the same were disposed of in accordance with the applicable laws.

EMPLOYEES' STOCK OPTION SCHEME

The Company had formulated and implemented "Kaya Employee Stock Option Scheme 2014 – KSI" and "Kaya Employee Stock Option Scheme 2014 – KME" for grant of options to employees of the Company and its subsidiaries respectively. The Schemes are envisaged to reward those employees of the Company and its subsidiaries who contribute significantly to the Company's profitability and shareholders' value as well as encourage improvement in performance and retention of talent. The Company has successfully passed the requisite resolutions to introduce these schemes and also to sanction the revision in number of options granted and exercise price due to the merger of Marico Kaya Enterprises Limited with the Company.

The details of the Employee Stock Options form part of this report in **Annexure III**.

DIRECTORS' REPORT (Contd.)

AUDITORS

Statutory Auditors

The Members at the Eleventh Annual General Meeting had approved the appointment of M/s. Price Waterhouse, Chartered Accountants as Statutory Auditors of the Company for a period of 1 year to hold office from the conclusion of the Eleventh Annual General Meeting until the conclusion of the Twelfth Annual General Meeting. M/s. Price Waterhouse, Chartered Accountants have given their consent and confirmed their eligibility to act as the Auditors of the Company for FY 15-16. Your Board recommends their appointment for a period of 1 year to hold office from the conslusion of the twelth Annual General Meeting until the conclusion of the thirteenth 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.

AUDITORS' REPORT

The Auditors' Report does not contain any qualification, reservation or adverse remark or disclaimer by M/s. Price Waterhouse, Chartered Accountants.

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

Conservation of Energy

The information of Conservation of Energy as required under Section 134(3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is not applicable to the business segment in which your Company operates.

Technology Absorption

No technology has been developed and/or imported by way of foreign collaboration.

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	2013 - 2014	2014 – 2015
	(Rs. in Crores)	(Rs. in Crores)
1. The Foreign Exchange earned in terms of actual inflows during the year.	5.04	4.97
2. The Foreign Exchange outgo during the year in terms of actual outflows.	9.33	18.91

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of the Section 92 of the Companies Act, 2013 ('' the Act'') read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company for the financial year ended 31st March, 2015 is given in **Annexure IV** to this report.

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 and all other business associates. We look forward to continued support of all these partners in progress.

On behalf of the Board of Directors

Place: Mumbai | **Harsh Mariwala**

Date: August 3, 2015 | **Chairman & Managing Director**

ANNEXURE I TO THE DIRECTORS' 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

Part - "A": Subsidiaries

(Amount in lacs)

Serial No.	Name of the Subsidiary	Reporting period	Reporting currency	Exchange rate	Share capital	Reserves & Surplus	Total assets	Total Liabilities	Invetsments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of shareholding
1	KME Holdings Pte Ltd.	March 31, 2015	SGD	45.54	88.42	(10.62)	87.99	10.18	87.80	–	(10.40)	–	(10.40)	NIL	100%
			INR		4,026.83	(483.46)	4,006.97	463.60	3,998.46	–	(473.59)	–	(473.59)	NIL	
2	Kaya Middle East DMCC*	March 31, 2015	AED	–	–	–	–	–	–	–	–	–	–	–	100%
			INR		–	–	–	–	–	–	–	–	–	–	
3	Kaya Middle East FZE	March 31, 2015	AED	17.016	550.50	(406.91)	427.28	283.69	–	955.78	132.28	–	132.28	NIL	100%
			INR		9,367.31	(6,923.99)	7,270.60	4,827.27	–	16,263.55	2,250.90	–	2,250.90	NIL	
4	DIPL (Singapore) Pte. Ltd	March 31, 2015	SGD	45.54	7.48	(7.45)	0.11	0.08	–	–	(0.04)	–	(0.04)	NIL	100%
			INR		340.80	(339.19)	5.03	3.43	–	–	(1.87)	–	(1.87)	NIL	

Notes:

- Part "B" i.e. Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures is "Not Applicable" to the Company as there are no Associate Companies or Joint Ventures.
- % of Shareholding includes direct and indirect holding through subsidiary.
- The amounts given in the table above are from the Annual Accounts made for the respective financial year end for each of the Companies.
- 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, 2015.
- As on March 31, 2015, Kaya Middle East DMCC is yet to commence operations.
- No subsidiaries have been liquidated or sold during the FY 2014-15.

For and on behalf of the Board of Directors

Harsh Mariwala	Chairman and Managing Director
Nikhil Khattau	Director and Chairman of the Audit and Risk Management Committee
Almas Badar	Company Secretary & Compliance Officer

Place: Mumbai

Date: August 3, 2015

ANNEXURE II TO THE DIRECTORS' 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 2014-15:**

   No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2015. 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 2014-15 is as follows:**

Name	Designation	Remuneration		Increase/ (Decrease)%
		2014-15	2013-14	
Mr. Subramanian S.	Chief Executive Officer	10,103,008	-	-
Mr. Dharmendar Jain	Chief Financial Officer	96,16,667	-	-
Ms. Almas Badar	Company Secretary & Compliance Officer	1,344,892	-	-

Note:

a) No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2015. Hence, this disclosure pertaining to increase in remuneration of each Director is not applicable.

b) The Remuneration of the Key Managerial Personnel (“KMP”) for a part of the financial year 2013-14 was paid by Marico Limited, the then Holding Company and the remuneration of KMP for the financial year 2014-15 was paid by the Company. As the remuneration of KMP was paid by two different companies based on respective company’s performance, the disclosure on the percentage increase in remuneration of KMP cannot be explained.

3. **Percentage increase in the median remuneration of all employees in the financial year 2014-15 is as follows:**

	2014-15	2013-14	Increase/ (Decrease)%
Median Remuneration of all employees per annum*	294,507	-	-

Note:

a) For calculation of median remuneration for the financial year 2014-15, the employee count taken is 438 which comprise of employees who have served for the whole of the financial year.

b) The Remuneration of the employees for a part of the financial year 2013-14 was paid by Marico Limited, the then Holding Company and the remuneration of the employees for the financial year 2014-15 was paid by the Company. As the remuneration of employees was paid by two different companies based on respective Company’s performance, the disclosure on the median remuneration for the financial year 2013-14 with percentage increase cannot be explained.

4. **Number of permanent employees on the rolls of the Company as on March 31, 2015:**

   845

5. **Relationship between average increase in the remuneration of all the employees and the performance of your Company**.

   The increase in remuneration of the employees is based on the following remuneration philosophy of the company:

a) The intrinsic worth and future potential of the members;

b) The extrinsic value of the role and desired market competitiveness determined through market benchmarking studies; and

c) Value added by the role which should be in line with the company employee cost.

The Remuneration of the employees for a part of the financial year 2013-14 was paid by Marico Limited, the then Holding Company and the remuneration of the employees for the financial year 2014-15 was paid by the Company. As the remuneration of employees was paid by two different companies based on respective Company's performance, the disclosure on the relationship between the average increase in remuneration of employees and the performance of the Company cannot be explained.

6. **Comparison of the remuneration of the Key Managerial Personnel against the performance of your Company.**

The Remuneration of the Key Managerial Personnel ("KMP") for a part of the financial year 2013-14 was paid by Marico Limited, the then Holding Company and the remuneration of the KMP for the financial year 2014-15 was paid by the Company. As the remuneration of KMP was paid by two different companies based on respective Company's performance, the disclosure on the comparison of the remuneration of KMP against the performance of the Company cannot be explained.

7. **Details of variations in the net worth of the company as at the close of the current financial year and previous financial year:**

	2014-15	2013-14	Increase/ (Decrease)%
Net Worth of the Company*	1,994,856,497	683,564,732	192%

**Taken on a standalone basis.*

8. **Average percentile increase already made in the remuneration of employees other than the managerial personnel in the last financial year and its comparison with the percentile 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 percentile increase in the remuneration of all employees (Other than managerial personnel)	The Remuneration of the employees for a part of the financial year 2013-14 was paid by Marico Limited, the then Holding Company and the remuneration of the employees for the financial year 2014-15 was paid by the Company. As the remuneration of employees was paid by two different companies based on respective Company's performance, the disclosure on average percentile increase in the remuneration of all employees cannot be explained.
Average percentile increase in the remuneration of managerial personnel:	No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2014 and March 31, 2015. Hence, this disclosure is not applicable.

9. **Key parameters for any variable component of remuneration availed by the directors.**

No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2015. Hence, this disclosure is not applicable.

10. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.**

No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2015. Hence, this disclosure is not applicable.

11. **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 DIRECTORS' REPORT

Details of the Employees Stock Option Scheme of Kaya Limited*

Sr. No	Particulars	Kaya Employee Stock Option Scheme, 2014 (KSI)	Kaya Employee Stock Option Scheme, 2014 (KME)
1	Options granted (during FY 2014-15)	128971	6800
2	Options vested (during FY 2014-15)	None	None
3	Options exercised (during FY 2014-15)	None	None
4	The total number of shares arising as a result of exercising of option (during FY 2014-15)	None	None
5	Options lapsed (during FY 2014-15)	None	None
6	Exercise Price	Rs. 300 per share	Rs. 300 per share
7	Variation of terms of options	NA	NA
8	Money realized by exercise of options (during FY 2014-15)	NA	NA
9	Total number of options in force (as at March 31, 2015)	12,8971	6,800
10	Employee wise details of options granted to (during FY 2014-15)		
	i) KMP	Summary* of options granted to KMP is an under : • No. of KMPs covered - 2 • CEO and CFO of the Company have been granted ESOP under the Scheme.	
	Only summary is given due to sensitive nature of the information		
	ii) any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during the year	There were 4 employees who have received grant of options amounting to 5% or more under the scheme.	None
	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

* The above details have been provided after taking into consideration the merger of Marico Kaya Enterprises Limited with the Company.

ANNEXURE IV TO THE DIRECTORS' REPORT

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U85190MH2003PLC139763
Registration Date	March 27, 2003
Name of the Company	Kaya Limited
Category / Sub-Category of the Company	Public Company/ Limited by Shares
Address of the Registered Office and contact details	23/C, Mahal Industrial Estate, Mahakali Caves Road, Near Paperbox Lane, Andheri (East), Mumbai – 400 093.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, Bhandup West, Mumbai, Maharashtra 400078

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:-

Sl. No.	Name and 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 AND ASSOCIATE COMPANIES:-

Name and address of the Company	CIN/GLN	holding/ subsidiary/ associate	% of shares held	Applicable Section
KME Holdings Pte. Ltd.	NA	Subsidiary	100	2(87)
Kaya Middle East FZE	NA	Subsidiary	100	2(87)
DIPL (Singapore) Pte. Ltd.	NA	Subsidiary	100	2(87)

Note: Marico Kaya Enterprises Limited (CIN L93030MH2013PLC239) was merged with Kaya Limited with effect from May 13, 2015 pursuant to the Scheme of Arrangement between Marico Kaya Enterprises Limited and Kaya Limited and its Shareholders and Creditors operative from the Appointed Date i.e., April 1, 2014. Prior to the said merger, Marico Kaya Enterprises Limited was the holding company of Kaya Limited.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)*

*The shareholding Pattern of the Company has been provided after taking into consideration the Scheme of Arrangement between Marico Kaya Enterprises Limited ("MaKE") and the Company and its Shareholders and Creditors operative from the Appointed Date i.e., April 1, 2014 and the allotment made on June 1, 2015 by the

Company to the entitled shareholders of MaKE pursuant to the Scheme in the prescribed share exchange ratio.

i) Category-wise Share Holding

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	59.19	7634484	0	7634484	59.19	60.70
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	176440	0	176440	1.37	176440	0	176440	1.37	0
e) Banks/Financial Institutions	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
SUB-TOTAL (A) (1):-	**7810924**	**0**	**7810924**	**60.56**	**7810924**	**0**	**7810924**	**60.56**	**0**
(2) Foreign									
a) NRIs - Individuals	18000	0	18000	0.14	18000	0	18000	0.14	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
SUB-TOTAL (A) (2):-	**18000**	**0**	**18000**	**0.14**	**18000**	**0**	**18000**	**0.14**	**0**
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	**7828924**	**0**	**7828924**	**60.70**	**7828924**	**0**	**7828924**	**60.70**	**0**
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	468012	0	468012	3.63	468012	0	468012	3.63	0
b) Banks/FI	4122	0	4122	0.03	4122	0	4122	0.03	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e)Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)Insurance Companies	106643	0	106643	0.83	106643	0	106643	0.83	0
g) FIIs	812447	100	812547	6.30	812447	100	812547	6.30	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
1. Clearing Members	73222	0	73222	0.57	73222	0	73222	0.57	0
2. Trusts	2400	0	2400	0.02	2400	0	2400	0.02	0
3. Foreign Investor Corporate	12780	0	12780	0.10	12780	0	12780	0.10	0
SUB-TOTAL (B)(1):-	**1479626**	**100**	**1479726**	**11.48**	**1479626**	**100**	**1479726**	**11.48**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	727614	840	728454	5.64	727614	840	728454	5.64	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2005743	22515	2028258	15.73	2005743	22515	2028258	15.73	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	831738	0	831738	6.45	831738	0	831738	6.45	0
SUB-TOTAL (B)(2):-	**3565095**	**23355**	**3588450**	**27.82**	**3565095**	**23355**	**3588450**	**27.82**	**0**
TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)	**5044721**	**23455**	**5068176**	**39.29**	**5044721**	**23455**	**5068176**	**39.29**	**0**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
GRAND TOTAL (A+B+C)	**12873645**	**23455**	**12897100**	**100**	**12873645**	**23455**	**12897100**	**100**	**0**

(ii) **Shareholding of Promoters**

Sl 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	% change in share holding during the year
1	Harshraj C Mariwala	285092	2.21	0	285092	2.21	0	0
2	Kishore V Mariwala	53517	0.41	0	53517	0.41	0	0
	Total	**338609**	**2.62**	**0**	**338609**	**2.62**	**0**	**0**

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**338609**	**2.62**	**338609**	**2.62**
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	No Change	No Change	No Change	No Change
	At end of the year	**338609**	**2.62**	**338609**	**2.62**

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**1234267**	**9.57**	**1234267**	**9.57**
1	Reliance Capital Trustee Co. Ltd-A/C Reliance Capital Builder Fund 2 Sr B	171935	1.33	171935	1.33
2	Tejas B. Trivedi	155322	1.20	155322	1.20
3	Baring India Private Equity Fund III Listed Investments Limited	147058	1.14	147058	1.14
4	M/S Napean Trading And Investment Co Pvt Ltd	137436	1.07	137436	1.07
5	Kamal Shyamsunder Kabra	133007	1.03	133007	1.03
6	Reliance Capital Trustee Co. Ltd A/C Reliance Close Ended Equity Fund Series A	113016	0.88	113016	0.88
7	Mechventure Consultants & Advisors Pvt. Ltd.	98000	0.76	98000	0.76
8	Premier Investment Fund Limited	95200	0.74	95200	0.74
9	Driehaus Emerging Markets Small Cap Growth Fund, A Series Of Driehaus Mutual Funds	94625	0.73	94625	0.73
10	Dsp Blackrock Small And Mid Cap Fund	88668	0.69	88668	0.69
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc):	0	0	0	0
	At the End of the year (or on the date of separation, if separated during the year)	**1234267**	**9.57**	**1234267**	**9.57**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**425635**	**3.30**	**425635**	**3.30**
	Harsh Mariwala – Chairman & Managing Director	285092	2.21	285092	2.21
	Rajen Mariwala –Non-Executive Director	119543	0.93	119543	0.93
	Ameera Shah – Independent Director	0	0	0	0
	B. S. Nagesh – Additional Director	17000	0.13	17000	0.13
	Nikhil Khattau – Additional Director	0	0	0	0
	S. Subramanian – Chief Executive Officer	4000	0.03	4000	0.03
	Dharmendar Jain – Chief Financial Officer	0	0	0	0
	Almas Badar – Company Secretary & Compliance Officer	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	**425635**	**3.30**	**425635**	**3.30**

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
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				
• Addition	–	–	–	–
• 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 2014-15

B. Remuneration to other directors:

No remuneration was paid to other Directors for the Financial Year 2014-15.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	**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 under section 17(3) Income-tax Act, 1961	**10103008**	**1344892**	**9616667**	**21064567**
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**10103008**	**1344892**	**9616667**	**21064567**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	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					

MANAGEMENT DISCUSSION AND ANALYSIS

Kaya Limited ('Kaya' or 'the Company'), headquartered in Mumbai, Maharashtra, India, carries on Skin Care Business in India and through its subsidiary in Middle East region.

Up to March 31, 2013, the Kaya Business was conducted as subsidiaries of Marico Limited. Following the demerger, of Kaya business from Marico Limited, the Kaya Business has been conducted by Kaya Limited and its subsidiaries. The Kaya Business principally comprises the provision of skin care services and products under the brand name of Kaya in India and Middle East.

INDIAN ECONOMY

The Year 2015 marked yet another year of modest global economic growth. According to the International Monetary Fund's April 2015 World Economic Outlook, world output grew by 3.4% - at par with the growth recorded in 2013. While economic growth picked up in the Advanced Economies, the Emerging Market & Developing Economies witnessed further deceleration in growth.

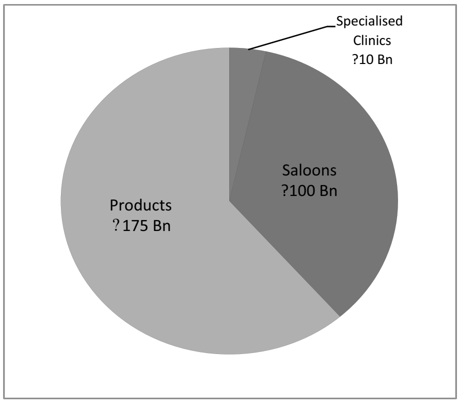
The Indian economy witnessed yet another challenging year with only a marginal pick-up in economic growth. However, inflation eased significantly and there was significant improvement on the 'twin deficit' front.

The Health & Wellness market in India continued to tread on its projected growth trajectory, and is expected to reach Rs. 1,00,000 crore (Rs. 1 trillion) by 2015, with a compounded annual growth rate of 15-17%, from about Rs. 70,000 crore in 2012, according to a study jointly conducted by industry body Federation of Indian Chambers of Commerce and Industry (FICCI) and global consulting firm PricewaterhouseCoopers (PwC). Products continue to comprise a majority share of 55 to 60% of the total market share. Despite the slowdown in economic growth in 2012, the beauty care industry has shown just a minor signs of downturn. However, consumers have been cautious of their discretionary spends and we have seen some impact on the wellness and service industries , especially in the 'mass categories'such as pigmentation, acne and low-end beauty facials.

INDUSTRY OVERVIEW:

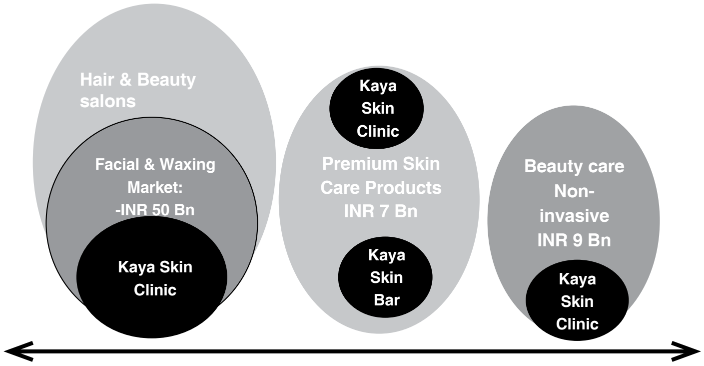
India

The Indian beauty care category is estimated approximately at Rs. 285 to 290 Billion growing at a rate of 15 to 20% The market mainly comprises of three segments namely, Products, Salons & Parlors and Specialized skin care services (Non-Invasive / minimally invasive/ Cosmetic procedures and treatments). The category is largely dominated by products with 61% category share while the Service segment stands at 39% category share There are certain sub-segments within each of these segments which are growing at a faster pace. Kaya is focusing on these segments which has a total market size of around Rs 60bn (22% of total market) and is growing in double digits.



Beauty Care Category - ₹285bn

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



Kaya's Market Positioning in Focus Market ~ Rs 60 bn

Source: Company Research

In the long term, the overall specialized skin care market is expected to grow with the rise in demand of various skin care services boosted by rise in disposable incomes, lifestyle related aspirations, demand for cosmetic surgeries, growing working women, obsession for younger-looking skin. The long term growth drivers which will ensure sustained growth for this segment over the long term are:

- Rising income level
- Aspiration to look good/perfect body – across age groups
- Introduction of better technology and
- Preference for organized players

The market for anti-aging solutions has also become vibrant in India with rising concerns about beauty and looks. There is increasing trend of customers visiting dermatologists to improve and maintain their youth. The demand for non-surgical procedures like laser hair removal, laser based skin treatment is being accepted rapidly. Due to pollution, ultraviolet radiation, and photosensitive skin disorders like tanning, pigmentation, darkening, sunburn, are increasing at a faster pace.

Currently there aren't enough facilities that provide comprehensive skin related treatments under one roof. This coupled with the low availability of dermatologists in India, enhances the dire need of comprehensive skin care set ups providing a wide range of services.

The Kaya Skin Clinic along with the proposed expansion of the product retail format of Kaya Skin Bar ensures that your company is well placed to explore the specialized skin care opportunity.

KEY DRIVERS OF GROWTH IN INDIA

1. **Emerging Consumer Demand in India**

   India is set to undergo a major transformation over the next two decades with sustained growth resulting in the development of a half a billion strong middle class. This unique period in India's evolution will see total consumption in the country quadrupling, making India the fifth largest consumers in the world by 2025.

2. **Growing spending power**

   One of the key factors driving the growth of the Wellness industry in India is the rising annual disposable income. India's per capita annual disposable income has been growing at an annual rate of 12 per cent since 2011-12. It is expected to keep growing at similar rates in the next few years as well. The rising income levels, in conjunction with the population increase, will result in discretionary consumer spending in wellness products and services.

3. **Increasing urbanization (Tier I & Tier II cities)**

   In the last fifty years, while the population of India has grown two and half times, the urban Indian population has grown by nearly five times. By 2017, nearly 35 per cent of the Indian population is expected to be living in urban centers. With more and more of Indians adapting to urban lifestyles in the coming years, increase in wellness and beauty products and services consumption in inevitable.

4. **Favorable demographics**

Wide demographic profile provides ample growth opportunity.

The wide range of demographic groups and their diverse treatment needs are expected to provide the ideal scenario for growth in all categories. While middle-aged consumers are expected to create growing demand for anti-aging procedures and hair restoration, younger consumers are expected to drive growth of procedures such as acne treatment & Laser treatment.

- The rising middle class: The burgeoning middle class in India is playing a key role in modifying consumption patterns. The aspirations of the middle class are multiplying and, consequently, they are ever more willing to spend their disposable incomes on wellness products and services. India had 31.4 million middle class households in 2014. By 2016, the country will have 53.3 million middle class households.
- A younger population: With approximately two-thirds of the population below the age of 35, and the median age being 26 years, India has a relatively younger population. Among the other top 10 economies (including China), India has the lowest median age; this trend will continue for the foreseeable future. It will have a significant impact on personal grooming and consumption across many wellness services and products in more categories, than the previous generations. This implies a very large market opportunity for providers of wellness services and products.
- Booming Section with high spending ability: According to FICCI PwC report, the number of 40 plus population in India is expected to touch 500 million by 2025. Globally, the 40 plus age category is a very active consumer of wellness products and services. Consumers who are in their late 20s and 30s today are already well exposed to global grooming trends, inclined towards skincare and haircare services. Increasing disposable income will enable them to spend more on beauty, grooming and wellness related services and products.
- Growing working women: Growing number of women professionals and their ability to indulge in discretionary spends have added to the overall growth of the beauty industry.
- Growing Male grooming segment: Male grooming is now a Rs. 3,800 crore market in India, and is seeing plenty of action with new entrants and existing players clocking impressive growth. As per estimates by global market research firm Euromonitor, the category clocked 21% annual growth and is expected to touch Rs. 5,270 crore in the next three years.
- Emergence of customized / niche skin care : As these consumers age, they will start demanding solutions that are relevant to their specific needs, and will actively seek ways to maintain their youth and improve quality of life. This is trending towards emerging category of anti-ageing services and products services.

Middle East

The emphasis on beauty and grooming has taken a greater hold in the UAE and the Middle East in general, it is factors like a large youth population, high disposable income, high presence of global cosmetic brands and the expanding retail landscape (in the form of bigger, better malls) that's driving the growth in the beauty and personal care market. All categories – hair care, skincare, color cosmetics and fragrances – are showing great potential.

In Arab Gulf countries, growth prospects for the sector are amplified partly through the emerging population dynamics of the young and yet sizeable growing middle income class. According to figures released by the Economic Intelligence Unit, the population of the Arab Gulf countries is expected to reach 53 million by 2020, with over 25 per cent under the age of 15.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

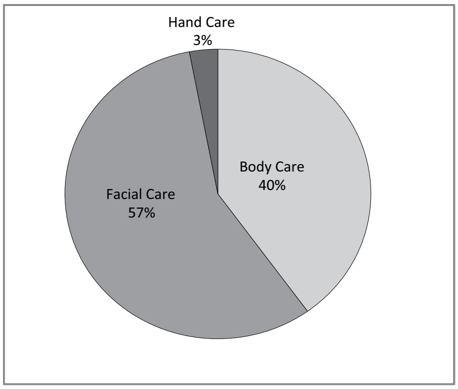
The Euromonitor research estimates that there are approximately 30,000 spas in the Arab Gulf Countries and the figure is set to rise along with population and income growth. The spa culture, attributed to the strong growth of the sector, is also driven by the harsh climatic conditions which contribute to the demand for hair and skin services & products used as a protection against damage and dryness.

According to Euromonitor International, the skincare market is expected to grow at a CAGR of 5% to be worth Dhs540.3m ($147.2m) in 2015.

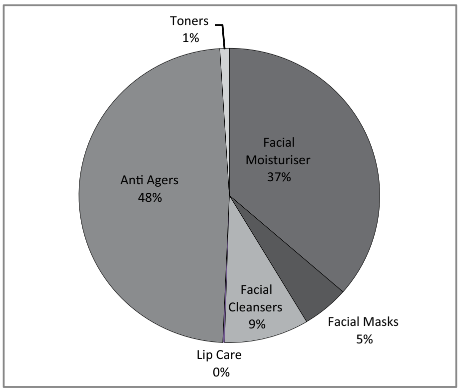
This growth is based largely on sustained progress on the economic front, a growing population and increasing numbers of women paying more attention to taking care of themselves.

According to Euromonitor International, Facial care products, especially anti-ageing and skin whitening creams and lotions are the fastest growing categories in the UAE skin care segment.

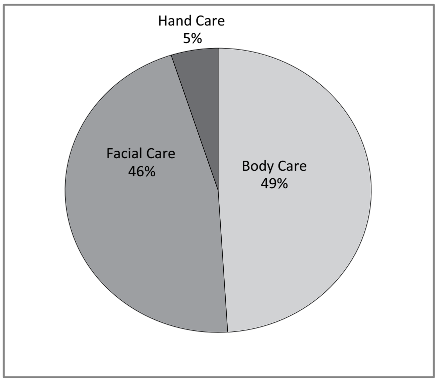
While the majority of skincare product consumers are women, market trends indicate a growing number of men going in for skincare protection regimes. There is an growing shift towards the daily use of products such as facial cleansers, toners and moisturizers, while a growing number uses face masks on a weekly basis.



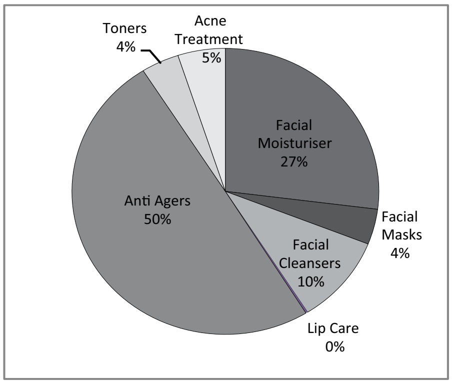
Market Segmentation - UAE



Market Segmentation - KSA



Facial Care Sub Segmentation - UAE



Facial Care Sub Segmentation - KSA

Source: Company Research

(UAE – United Arab Emirates; KSA – Saudi Arabia)

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Key drivers of Growth in Middle East:

Key Demographic Trends:

- ***Growth of Expats in UAE:*** The population of the UAE will reach 10.6 million in 2030, an increase of 26.9% from 2012. Foreign citizens dominate the population and are forecast to comprise 88.2% of the population in 2030. The biggest city in 2012 was Dubai and will remain so in 2030.

  The expatriate population is expected to contribute to strong population growth in the United Arab Emirates during the forecast period and will thus further expand the potential consumer base for beauty services & products. An increasingly international consumer base in the country will support strong growth for well-marketed brands.

- ***Male Grooming:*** While the majority of skincare consumers are women, market trends indicate a growing number of men going in for skincare regimes in the GCC region. More men in the UAE and GCC are buying skin care products. The demand has been focused on after-shave creams, anti-ageing, and anti-oxidant products for the skin.

- ***Growing Potential in young consumers:*** According to figures released by the Economic Intelligence Unit, the population of the Arab Gulf countries is expected to reach 53 million by 2020, with over 25 per cent under the age of 15. A young and sizeable growing middle income class will amplify the growth prospects for the beauty sector in the Arab gulf countries.

- ***High demand due to Climatic conditions in region:*** The beauty and wellness culture, attributed to the strong growth of the sector, is also driven by the harsh climatic conditions which contribute to the demand for hair and skin products & services used as a protection against skin damage and dryness.

BUSINESS OVERVIEW:

A pioneer in skin care dermatology space, Kaya's strength is that it offers a customized skin care solutions which is delivered through Expert Dermatologists, with the application of state-of-art medical technology. Kaya's offering is comprehensive and covers a wide range of products and services in the areas of Acne, Anti-Ageing, Fairness & Pigmentation, Laser Hair Reduction amongst others with the backing of over 220 Dermatologists and over 1000 well trained staff across its chain of skin clinics in India & Middle East.

The company has been consistently investing in new and advanced technologies in the skincare business, to bring cutting-edge services and products to discerning Indian consumers. Our prime objective is to become the leading player in the speciality skin care market in India. Since 2003 the Company has engaged with numerous members in their quest for beauty.

As customers in general are more cautious about the safety of beauty treatments, they tend to shift towards well-recognized brands. With over 13 years of expertise and knowledge wealth in advanced skin care, Kaya has been able to carve out its own niche resulting in the brand's strong equity in the minds of consumers. Our brand is one of the most well-recognized premium brands in the market, representing trustworthy professional services, which has given the Group a head start in creating and shaping the industry of skin care solution by providing services & products through the expertise of large pool of dermatologist and advanced skin treatment technology.

During the period under review, the Company added advanced technology skin care services. Advanced technology skin care solution is a trend that will continue to grow rapidly, which the Kaya shall be able to capitalize on the trend, leading to growth in revenue and profit.

In the recent years, the brand has strengthened its key offerings by innovating in services across categories like Acne, Pigmentation, Anti-aging and building these categories by consistent consumer awareness program.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Business Formats:

Kaya Skin Clinic, India

Spread across 26 cities with 100 clinics Kaya Skin Clinic,. Kaya Skin Clinic in India has the largest pool of dermatologists in the country.

Right from a personalized consultation & solution, Kaya Skin Clinics have dermatologists to guide our consumers through their journey of skin health at Kaya. Every service and product offering at skin clinics have been formulated and designed by Kaya's expert dermatologists and are backed by state-of-the-art safe technologies made available for consumers from across the world.

Kaya Skin Bar:

The Kaya Skin Bar is a retail format started in 2013, designed to cater to the needs of today's modern Indian consumers, who are always on the move. It is a product-forward store with an open and inviting layout. The format offers a wide array of Kaya's specialized skincare products. The Kaya Skin Bar also has houses an interactive skin diagnostic tool which provides a complete skin health report. This enables our highly trained and certified beauty therapists to recommend the right solution, thereby providing the customer with a customized and effective offering. The 14 outlets of Kaya Skin Bar are majorly spread across Bangalore & Mumbai, India at high footfall areas.

Kaya Skin Clinic, Middle East:

Kaya Skin Clinic entered the Middle East market in 2004 with its first clinic in Dubai. Today, Kaya Skin Clinic is one of the largest international chain of skincare clinics in the Middle East with 19 clinics across UAE, Saudi Arabic & Oman. Backed by a panel of large pool of esteemed dermatologists and over lacs of satisfied customers, Kaya Skin Clinic, Middle East has been successfully delivering complete skin care solutions for over 11 years.

KAYA's KEY STRENGTH:

Unique business model	- A play on urban discretionary spend - Diversified business - Entry into new business segment - Sustained improvement in operating performance - Negative working capital
Solution based approach to drive growth	Kaya has more than a decade's experience and has gone through a learning curve wherein it has changed its strategy & driven operating efficiency through customer satisfaction & improvement in margins. Kaya has been focusing on Cure (solution provider – Hair reduction Laser, ACNE, Anti-ageing and others) services as its core. In order to differentiate itself, the company is increasing its focus on product segment and has launched a retail format with a focus on skin care product – Kaya Skin Bar (KSB). Further, the company plans to leverage the skill set of its dermats and enter into the Hair treatment space. This would require no significant investment and provide additional offerings for its customers
Expertise of Dermatologist	We have the largest pool of over 220 professional Dermatologists across the chain which helps us in delivering highly efficacious services to the end consumers. Our engagement model with the doctors provides them the professional comfort and freedom to deliver optimal performance. Many of the doctors associated with us are prominent within the medical field having received many accolades and awards

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Trusted and Preferred Brand	Kaya is well known as the first corporate organized chain in the skin care segment in India. This brand value provides several tangible and intangible benefits such as the belief and trust that makes customers choose Kaya, the ability to attract doctors, sustained marketing campaign and a head start in footfalls at new facilities. With over 9 lacs satisfied customers, Kaya enjoys a strong equity and scores high on elements of safety and hygiene.
Advanced Technology	Kaya has been a pioneer in adopting cutting edge technology to provide advanced skin care services for delivering flawless skin services. Backed by internationally proven and world-class skin care technologies, the technologies and equipments used in delivering solutions are state-of-the-art technologies & conform to international quality & safety standards. Today, Kaya is at the forefront of offering cutting-edge solutions (services & products) in the areas of Anti-Ageing, De-pigmentation, Acne/Acne Scar Reduction, Laser Permanent Hair Reduction, etc. along with advanced beauty facials.
First mover advantage and the only National Chain in India, one of the Larget Chain in Middle East	Kaya has a first mover advantage in the Indian beauty clinic market (addressable market size Rs. 60 bn+) and is one of the largest player in the Middle East region. Over the years, since its inception the company has become a trusted brand for consumers in specialty skin care solutions. Rising income level, desire to look good and introduction of better technology will ensure sustained long term growth.

RISKS AND CONCERNS:

Risks	Impact on Kaya	Mitigation Plan
Talent Crunch	Attrition & Shortage of Trained Staff impacting business	Creation of adequate bench strength Homecoming programs
Continuous investments and consumer education	Continuous Technology Up gradation; Innovation & research	Strong R&D capability; Extensive research on consumer needs; Consumer education to drive behavior
Delivery of Consistent Experience & ensuring Safety	Need for regular Training & Higher Service Quality	High standards of Safety and Efficacy in delivering services In-depth people training before deployment
Increasing Costs	Increase in People & Real Estate costs	Continuous cost optimization and rationalization

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Talent Crunch: The dermatologist expertise involves engaging with the right pool of medical talent and investing in building their scientific knowledge and technical skills. The quality of Doctors and supporting skincare professionals are critical to the quality of the skin care service business. Top quality doctors and medical personnel are a finite resource and these professionals enjoy abundant opportunity in the form of entrepreneurial ventures, independent practice as well as competing offers from other service providers in India and abroad. Our continued performance and growth substantially depends on our ability to attract and retain the best of skilled medical talent and professionals.

The Company believes that employee satisfaction and retention is of prime importance. The demand for experienced personnel in specialized services will only increase in the near and long term. Kaya believes that this challenge will persist until the industry reaches a steady growth phase.

Continuous Investments and consumer education: Specialised Skincare is a fast-evolving category with global trends shaping consumer expectations in a marked fashion. Apart from an understanding of global trends, Kaya invests a lot to understand the factors that are specific to the Indian consumer in order to develop a robust innovation pipeline that can strengthen the business. There are three broad areas that Kaya's innovation efforts are focused upon, development of specialized skin care products, specialized services and technology solutions. Kaya's investments in this space be it in terms of facility investments, talent or knowhow are made with the intent to strengthen its leadership position in the specialized skin care space.

Awareness among Indian consumers on high end skin care solutions is low and Kaya as market leader in Indian skin care organized market, need to continuous invest in educating people on the various solutions available and hence drive behavior of skin care to convert them to customers. Kaya conveys the benefits of high end solutions for skin related needs in an approached manner through various A&P programs.

Delivery of Consistent experience & ensuring safety: Kaya is well known as the first corporate organized chain in the skin care segment in India. This brand value provides several tangible and intangible benefits such as the belief and trust that makes customers choose Kaya. With over 9 lacs satisfied customers, Kaya enjoys a strong equity and scores high on elements of safety and hygiene.

This also enables a challenge to deliver consistent experience across all touchpoints and across all times with high level of safety, hygiene and efficacy. Every market has a unique set of circumstances with variance in demographics, customer attitudes, different skin types and climatic variations. This requires a higher degree of customization and adaptability however standardization at the same time. This necessitates increased intensity in the level of monitoring and clinical governance.

Our advanced technologies also conform to the highest level of international safety and hygiene standards. We also continuously seek customer feedback through various channels that the company has created. All this backed by regular and adequate training as well as high level of service protocols enable us to deliver consistent experience to customers every time.

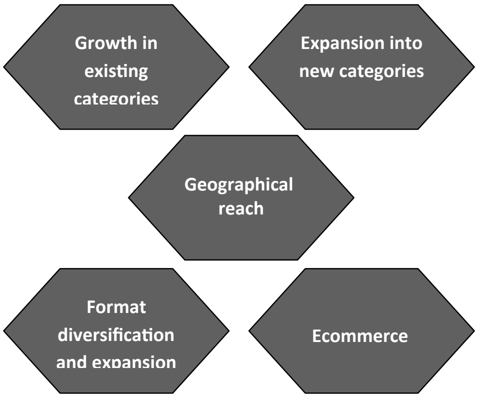
Increasing Costs: Increase in cost of resources like employees, dermatologists, rentals may impact financial condition of the model on overall basis.

Demand growth is expected to outpace improved supply of these resources. A failure to acquire resources at fair and reasonable rates will impact the ability to suitably grow and expand our operations. Further, increases in operating costs can impact the Company's operations and financial condition.

Rent is one of the largest components of Indian retail business fixed costs and increasing trend in rates because of demand increase puts pressure on operating costs. In case the lease arrangements relating to these properties are not renewed in our favour or on terms that are not favourable to us our business operations may suffer disruptions. Our company has renewed majority of lease arrangements in last 2 years with minimal increase and hence risk to that extent is muted. Furthermore, clinic being a destination based model, we have also try to rationalize the cost wherever feasible.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

OPPORTUNITIES:



Growth in existing categories: Most of the categories the company operates in are niche and are lowly penetrated. The company continues to develop these categories through building consumer awareness, giving the best in class services & providing offerings across various price points.

Expansion into new categories: The Kaya clinic business with dermatologists at the core is well poised to exploit the growing need for hair care services. The company intends to expand in this area of offerings over the next 18 months.

Format diversification and expansion into products: Kaya Skin Bar is a new product retail format launched by the company to tap into the growing premium cosmetic products category in India. It provides better engagement with the brand. The format provides for higher scalability with lower capital cost in comparisons to the clinics.

Ecommerce: The last few years have seen exponential growth in e-commerce in India. Kaya believes that the online channel is well on its way to becoming an accepted and convenient mode of shopping. The company has tie ups with large e- commerce players and has also set up its online e-portal for products @ shop.kayaclinic.com which shall provide access of Kaya products to even places where Kaya clinics or skin bars are not present.

CUSTOMER RETENTION AND SATISFACTION:

Loyalty Program in India - Kaya Smiles:

Our focus has always been to nurture and strengthen the relationship with our customers. It is our customer centric approach that has enabled us to garner high levels of loyalty. Our loyalty program, launched over 3 years back, has more than 2 lacs customer base contributing to over 80% of sales and is enrolling members every day. The focus of the loyalty program is in retaining our top high networth individuals and the retention rate in this segment is over 70%.

Key benefits of Loyalty program are:

- Exclusive schemes, benefits and promotions.
- Special previews before the sale periods.
- Invitations to exclusive events - both in-store as well as those organized outside the Stores.

Customer engagement:

Customer engagement through innovative initiatives in Digital and Social Media continue to be a big focus for the year. Various consumer education initiatives were undertaken on this space have ensured that Kaya enjoys significant levels of engagement among its 4 lakh+ fan base on Facebook. Kaya is also active on other platforms such as Twitter, YouTube etc.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

At Kaya we strive to provide our customers with the best overall experience. To measure the customer experience we conduct customer satisfaction surveys to evaluate a range of parameters including clinic environment, staff, transaction efficiency, loyalty program, schemes and promotions, merchandise range and quality, to name a few and undertake improvements in areas based on feedback.

INTERNAL CONTROLS

Kaya has established a wide-ranging 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.

Your Company has also put in place an extensive budgetary control review mechanism whereby the management regularly reviews actual performance in comparison to forecasts. Any significant deviation from forecasts is reviewed and assessed rapidly 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, along with its subsidiaries, has total workforce strength of over 1000 employees across 100 clinics and 14 skin bars in India and over 19 clinics in the middle-east. The company is also associated with over 220 Dermatologists across the chain in India and Middle East.

Our clinic team structure comprises of Clinic Managers, Customer Care Executives, Consultant Dermatologists and Beauty Therapists.

The people policy has ensured to drive human capital effectiveness and setting new benchmarks to inspire. Our company prides itself for its culture of care, concern, customer-centricity and transparency which are driven through its, member assist programs & rewards and recognition programs and through platforms like CEO – Connect, CEO – Speak & Business Excellence Conferences. Utmost importance is placed on driving an energized work culture through various initiatives, which in turn delivers wow experience for our customers. The organization ensures regular interventions to communicate and align members to organizational thrust areas. We share with our members quarter wise annual road map of business performance and other business indicators. This ensures that the entire organization is geared up towards a collaborated performance delivery.

Growth aspiration of the member in the Kaya family along with the organization's need to have a robust pipeline of ready talent has been addressed through a system built around assessment centers to groom talent. Given Kaya's unique demographic profile of 85% young, aspiring work force, across geographies, ensuring cultural sensitivity is of utmost importance which is ushered through human resource policies and processes. Employee engagement was a keen focus area and the success of the programs introduced over the year across the group was reflected in the high engagement scores in both the employee and Doctors surveys undertaken.

Training and development is a critical part of our customer experience strategy. Capability building of our members is structured through ongoing in-clinic training that is specific to the skills required for performing various services and is continuously adapted to latest in skin care services. In addition, members are taken through soft skills training which along with technical training are re-iterated from time to time.

Innovation:

Kaya believes that 'Innovation' is an important pillar for growth and key for maintaining a competitive edge. During the year, our innovation was focused on new retail identity format, launches of new services and products, marketing strategies and operational efficiencies. We adopted a new retail identity clinic design which is more interactive, vivid and brings our consumers delight. We also opened a new format of Kaya Skin Bar, which is planned for expansion through product retail stores and kiosk. The Kiosk format serves as an additional presence in the high footfall area.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Our marketing strategy for category based campaigning and use of digital medium for campaigning was aimed at attracting the new digital connect consumers. Service and Product innovation is an incessant journey for our brands. During the year, we introduced several new services like high end facials, age arrest systems, skin rejuvenation etc

We are also leveraging new technology for enhancing consumer experience and engagement like Online shopping of products through our own website or through channel partners and social connect on digital medium

PERFORMANCE OVERVIEW:

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 15 Kaya achieved a gross retail turnover of Rs. 331.5 crores, growth of 16% on consolidated basis.

The customer acquisition strategy underwent a make-over with a focus on cure categories like Laser hair removal, Anti-ageing, Pigmentation and Acne. These categories not only stem out of the dermatological expertise of Kaya but our analytics also showed that customers acquired in these categories are most engaged on a longer duration. 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 Anti Ageing, Acne & Pigmentation to widen the service offerings.

Operational Metrics:

Particulars	Kaya India			Kaya Middle East		
	FY 14	FY 15	Gr %	FY 14	FY 15	Gr %
Category Mix (%)						
Cure	66%	68%	15%	79%	79%	13%
Care	13%	13%	7%	11%	10%	7%
Products	21%	19%	4%	10%	11%	18%
Operational Metrics						
Customer Count	244048	249477	2%	58597	60613	3%
Ticket Size (INR / USD*)	7296	7933	9%	385*	422*	10%

(Source: Company's information system)

Kaya India - Focus on the cure portfolio in the year FY 15 has given us the positive results. Cure Portfolio comprising of Anti ageing, Hair free Acne and Pigmentation contributes to 68% of the business in India and has grown by 15% during the year and Care Portfolio Comprising of beauty facials has maintained contribution at 13%. Product category has grown by 4% during the year contributing 19% of overall business.

Kaya Middle East - Cure Portfolio comprising of Anti ageing, Hair free Acne and Pigmentation contributes to 79% of the business and has grown by 13% during the year whereas Products grew by 18% in FY 15, driven by launch of new ranges in Middle East.

Consolidated Financial Summary:

The following tables summarize the results of operations for the year ended March 31, 2015:

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Profit and Loss Statement:

Particulars	Kaya Group				Kaya India				Kaya Middle East					
	FY 14		FY 15		FY 14		FY 15		FY 14			FY 15		
	Rs Crores	% to NR	Rs Crores	% to NR	Rs Crores	% to NR	Rs Crores	% to NR	AED Mn	Rs Crores	% to NR	AED Mn	Rs Crores	% to NR
Net Revenue	**286.4**		**331.5**		**152.0**		**172.4**		**81.7**	**134.4**		**95.6**	**159.1**	
Gross Contribution	**229.7**	*80%*	**268.6**	*81%*	**119.6**	*79%*	**135.0**	*78%*	**67.0**	**110.1**	*82%*	**80.3**	**133.7**	*84%*
Operating EBIDTA	**7.0**	***2%***	**34.4**	***10%***	**-0.2**	***0%***	**7.4**	***4%***	**4.4**	**7.2**	***5%***	**16.3**	**27.1**	***17%***
Operating EBIT	-2.6	*-1%*	22.8	*7%*	-5.3	*-4%*	1.0	*1%*	1.6	2.7	*2%*	13.2	21.9	*14%*
Other Income	7.5	*3%*	14.6	*4%*	4.3	*3%*	14.5	*8%*	2.0	3.2	*2%*	0.0	0.1	*0%*
Earnings before Tax & Exception	**4.8**	***2%***	**37.4**	***11%***	**-1.1**	***-1%***	**15.5**	***9%***	**3.6**	**5.9**	***4%***	**13.2**	**22.0**	***14%***
Exceptional Items	18.9	*7%*	-4.8	*-1%*	-2.2	*-1%*	0.0	*0%*						
Earnings - Discontinuing operations	11.3	*4%*	0.0	*0%*	37.3	*25%*	0.0	*0%*						
Earnings after Tax pre Merger	**35.0**	***12%***	**32.5**	***10%***	**34.0**	***22%***	**15.5**	***9%***	**3.6**	**5.9**	***4%***	**13.2**	**22.0**	***14%***
Merger / Consol Adjustments	2.4		-0.8											
Earnings after Tax post Merger	**37.4**	***13%***	**31.8**	***10%***	**34.0**	***22%***	**15.5**	***9%***	**3.6**	**5.9**	***4%***	**13.2**	**22.0**	***14%***

(Exchange Rate: FY 15 - 1 AED = Rs. 16.647; FY 14 – 1 AED = Rs. 16.446)

Note:

1. Merger / Consol Adjustments in FY 14 represents effect on account of transactions between transferor (MaKe) and transferee (Kaya) company. In FY 15, the same represents revaluation of ESOP on account of change in Capital of Kaya Limited pursuant to scheme of amalgamation.

Balance Sheet:

Rs Crores

Particulars	Mar'15	Mar' 14
Source of Funds		
Share Capital	12.9	17.9
Reserves and Surplus	221.7	64.9
Long term Borrowings		113.2
Long-term provisions	9.3	7.6
Total	**243.9**	**203.5**
Application of Funds		
Fixed Assets (Net)	56.1	32.3
Goodwill on consolidation	59.1	55.1
Long-term loans and advances	25.2	17.4
Current Investments	151.9	168.5
Net working capital	(48.5)	(69.7)
Total	**243.9**	**203.5**

Note:

1. Kaya Group consolidated Balance sheet as on March 31st 2015 presented above is post taking the effect of Merger of Marico Kaya Enterprises (MaKE) Limited and Kaya Limited

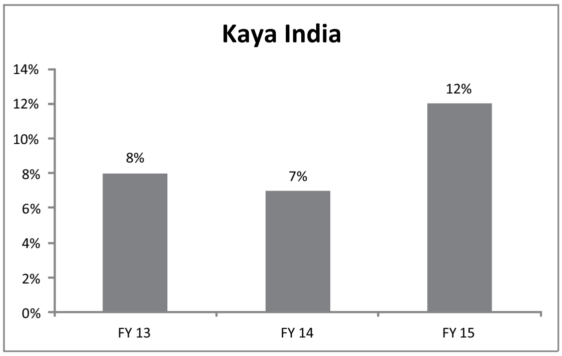
MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

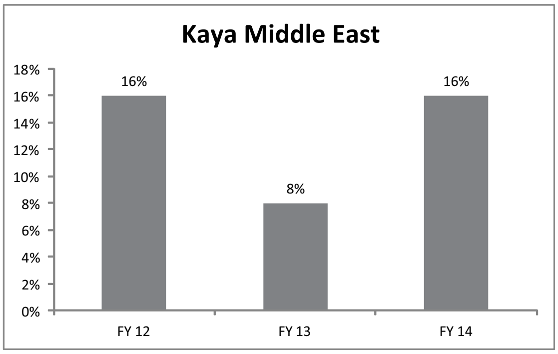
Net Revenue

Net Revenue in FY 15 at Rs 331.5 crores, registered a growth of 16% (SSG: 14%) over FY 14. India business grew by 13% (SSG: 12%) and Middle East by 18% (SSG: 16%).

During FY 15, Kaya has added 15 new clinics in India and 1 in Middle East. It has also been able to add 11 Kaya Skin Bars (KSB) – a new retail product only store format. This is the result of our strategy to focus on our core and the business is well placed to report growths on a sustainable basis.

Same Store Growth (%) YOY trend





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 has witnessed a positive shift of around 1% of revenue in FY 15 as compared to FY 14 on consolidated basis. The absolute cost has increased by 11% to Rs 62.9 crores (19% of Net Revenue) in FY 15 as against Rs 56.6 crores (20% of Net Revenue) in FY 15 on account of shift in focus on the higher margin categories as well as drive in volume efficiencies and sourcing cost reductions.

Kaya India's COGS has improved by 40 basis points despite addition of new clinics and retail format Kaya Skin Bars stores. Kaya Middle east's COGS has seen an improvement of around 200 basis points as a persentage of Net Revenue.

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 Rs 106.02 crores (32% of Net revenue) has increased by 4% as compared to Rs 101.7 crores (36% of Net Revenue) in the FY 14. This increase was a result of annual compensation increases for our employees as well as addition of new stores in India and Middle East.

Kaya India's Employee Costs at Rs.43.0 crores has increased by 7% on account of annual compensation revision and addition of new clinics and retail format Kaya Skin Bar stores. Kaya Middle East's Employee Costs at Rs.63.2 crores has increase by 3% as compared to FY 14.

Rentals

Rental costs at consolidate levels Rs 40.6 crores (12% of Net Revenue) has increased by 8% as compared to Rs 37.6 crores (13% of Net Revenue) in FY 14

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Kaya India rental costs increased by 11% to Rs 29.1 crores (17% of Net Revenue). The increase is on account of new clinic and KSB stores openings during the year. Like to like increase is only 6%. The same is expected to be muted in coming years as majority of properties has gone through the renewal cycle in last 2 years.

Kaya Middle east rental costs at Rs 11.5 crores (7% of Net Revenue) has seen an increase of 2%.

Advertisement sales and Promotion

Cost of advertisement at Group level has grown by 4% to Rs 23.5 crores (7% of Net Revenue) in FY 15 as compared to Rs 22.5 crores (8% of Net Revenue) in FY 14.

Kaya India advertisement costs at Rs 14.3 crores (8% of Net Revenue) has grown by 13% in FY 15 on account of new catchments and new retail format Kaya Skin bar being added during the year. However Kaya Middle East Advertisement at Rs 9.2 crores (6% of Net Revenue) has reduced by 6% in FY 15

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 grown by 5% to Rs 64.1 crores *(19% of Net Revenue)* in FY 15 as compared to Rs 61.0 crores *(21% of Net Revenue)* in FY 14.

Earnings before interest, tax and depreciation (EBIDTA):

During FY 15, Kaya Group registered EBIDTA of Rs. 34.4 crores (10% of Net Revenue) as compared to Rs. 7.0 crores (2% of Net Revenue) in FY 14. EBIDTA margin has grown 5 times over previous year.

- Kaya India recorded EBIDTA of Rs. 7.4 crores (4% of Net Reveune), compared to Rs. (0.2) crores ((0.2)% of Net Revenue) of LY. This includes loss of Rs. (1.5) crores on account of new clinic and skin bar openings and Rs. (1.2) crores on account of non operating expenses like Merger / ESOP expenses. Like to Like EBIDTA (Excluding expansion) at Rs. 10.1 crores (6% of Net Revenue).
- Kaya Middle east registered EBIDTA of Rs. 27.1 crores (17% of Net Revenue) as compared to Rs. 7.2 crores (5% of Net Revenue) in FY 14. EBIDTA has grown by ~280% compared to LY

Depreciation & Amortization

Depreciation & amortization expense at Group level increased to Rs 11.6 crores (3% of Net Revenue) during FY 15, as compared to Rs 9.5 crores (3% of Net Revenue) during FY 14, increase of 22% over FY 14. The increase is on account of new Medical technology investments in existing clinics in India & Middle East as well as & clinics & skin bars expansion in India.

Earnings before Interests and Taxes (EBIT):

Operating Margin of Rs. 22.8 crore (7% of Net Revenue) as compared to Rs. (2.6) crore ((1)% of Net Revenue) in FY 14. [Like to Like Operating Margin excluding new clinic / KSB expansion and non operating expenses of Merger / ESOP is Rs. 25.5 crore (8% of Net Revenue)]

Other Income

Other income in FY 15 is at Rs.14.6 crores as compared to Rs.7.5 crores in FY14. This includes profit on redemption of short term Investments made out of surplus cash. Sale proceeds arising out of divestment of Singapore business was available from Q4 FY14 and hence the income out of surplus cash is low in FY 14.

Other income in FY 14 also includes regrouping of revenue elements pertaining to previous years amounting to Rs 3.2 crores in Middle East and Rs 0.6 crores in India. The same has been considered in other income to show operating EBIDTA separately.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Earnings before Taxes (EBT):

Earnings before taxes of Rs. 37.4 crores (11% of Net Revenue) has grown 8 times on consolidated bsis as compared to Rs. 4.8 crore (2% of Net Revenue) in FY 14.

Exception in FY 15 includes compensation for termination of Sale and Purchase agreement of Middle East amounting to Rs. 4.8 crores. In FY 14, it includes divestment gain of Singapore business DIAL of Rs. 59.6 crores, Impairment of Middle east business Rs. (38.5) crores, Impairment reversal of Rs. 1.2 crores and PF liability provision of Rs. (3.4) crores.

Surplus Funds

Cash generation from Operations before taxes during the year FY 15 at a Kaya Group level considering the working capital changes is Rs. 33.1 crores. As a result, as on March 31st 2015, Company had Rs 182.5 crores (Rs 182.6 crores as on March 31st, 2014) of surplus funds available as cash or cash equivalents or invested in Mutual funds and short term deposits post infusing capital in the business by way of technology investments and Clinics / Skin Bars expansion.

Long term borrowings

Long term borrowings of Rs 113.2 crores as on March 31st 2014 represents loan taken by Kaya Limited from its erstwhile holding company Marico Kaya Enterprises Limited (MaKE Limited) It has been eliminated in FY 15 by virtue of merger of MaKE Limited with Kaya Limited with pursuant to the scheme of arrangement.

Fixed Assets

Fixed assets increased by Rs 23.8 crores during the year FY 15 from Rs 32.4 crores as on March 31st 2014 to Rs 56.2 crores as on March 31st, 2015. The increase is on account of new clinic and KSB store openings during the year as well as advance technology investments in the existing clinics.

OUTLOOK

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. In view of this the company has chartered out its expansion plans through our Kaya brand, enhancement of Medical Technology which will further enhance our brand visibility and strengthen our core offerings in both the geographies.

CORPORATE GOVERNANCE REPORT

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 attracting Investor 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 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 shall publish the same in leading newspapers.

Constructive Separation of Ownership and Management

The corporate governance framework of Kaya is based on an effective independent Board and the separation of Board's supervisory role from the executive management team. We believe that the Board independence is vital to foster a corporate culture in which the high standards of ethical behaviour, individual accountability are sustained. Thus, the majority of our Board members are independent. An independent director is designated as the chairperson of each of the Audit and Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. The Board does not consist of representatives of creditors or banks.

The Company's Internal and Statutory Auditors are not related to the Company.

CORPORATE GOVERNANCE REPORT (Contd.)

Accountability

The Board plays a supervisory role rather than an executive role. 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 of Directors is well-informed and well-equipped to fulfil its overall responsibilities and to provide the management strategic direction it needs to create long-term shareholder value. The management is 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.

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 genders and does not practise any type of discrimination. 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

During the year under review, the Company was unlisted and the provisions of Clause 49 of Listing Agreement were not applicable to it. Nevertheless, the Company endeavours to align its practices with the provisions of the said Clause. The Company is in course of listing its equity shares on the concerned Stock Exchanges pursuant to the Scheme of Arrangement between Marico Kaya Enterprises Limited (“MaKE”) and Kaya Limited and their respective Shareholders and Creditors. Upon the receipt of the listing approvals, the Company is mandated to follow the provisions of the abovementioned Clause to the extent applicable to it.

- **BOARD OF DIRECTORS**

The Board of Directors provide 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 member 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 majority of the Directors of the Company are Independent Directors with one woman Independent Director. The Board has established four 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 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.

CORPORATE GOVERNANCE REPORT (Contd.)

Composition and Categories of Directors:

Name	DIN	Category
Mr. Harsh Mariwala	00210342	Chairman & Managing Director
Mr. Rajen Mariwala	00007246	Non-Executive Director (member of Promoter group)
Ms. Ameera Shah	00208095	Independent Director
Mr. Nikhil Khattau	00017880	Additional Director - Independent (w.e.f. March 30, 2015)
Mr. B. S. Nagesh	00027595	Additional Director - Independent (w.e.f. March 30, 2015)
Mr. Irfan Mustafa	07168570	Additional Director - Independent (w.e.f. April 28, 2015)

Note: Dr. Ravindra Mariwala and Mr. Rishabh Mariwala have resigned from the Board of Directors with effect from April 28, 2015.

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

Number of Board and Board Committees of which a Director is a member or Chairperson as on March 31, 2015:

Name of Director	Number of Outside Directorships(*) held	Number of Memberships in Board Committee of other Companies(**)	Number of Chairmanships in Board Committees of Other Companies(**)
Mr. Harsh Mariwala	7	1	NIL
Mr. Rajen Mariwala	4	3	NIL
Ms. Ameera Shah	2	NIL	NIL
Mr. Nikhil Khattau***	3	4	4
Mr. B. S. Nagesh***	5	4	NIL
Mr. Irfan Mustafa***	N.A.	N.A.	N.A.

** 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 Clause 49 of the Listing Agreement.*

**** Mr. Nikhil Khattau and Mr. B. S. Nagesh were appointed as Additional Directors on March 30, 2015 and Mr. Irfan Mustafa was appointed as Additional Director on April 28, 2015.*

Number of Board Meetings attended by each Director from April 1, 2014 to March 31, 2015 and attendance at the last Annual General Meeting:

Names of Directors	Number of Board Meetings		Attendance at last AGM held on September 19, 2014
	Held	Attended	
Mr. Harsh Mariwala	14	13	Yes
Mr. Rajen Mariwala	14	9	No
Dr. Ravindra Mariwala**	14	12	No
Mr. Rishabh Mariwala**	14	14	Yes
Ms. Ameera Shah	14	8	No
Mr. Nikhil Khattau*	14	1	N.A.
Mr. B. S. Nagesh*	14	1	N.A.
Mr. Irfan Mustafa*	14	N.A.	N.A.

** Mr. Nikhil Khattau and Mr. B. S. Nagesh were appointed as Additional Directors on March 30, 2015 and Mr. Irfan Mustafa was appointed as Additional Director on April 28, 2015.*

*** Mr. Rishabh Mariwala and Dr. Ravindra Mariwala cease to be Directors on the Board of Kaya w.e.f. April 28, 2015*

CORPORATE GOVERNANCE REPORT (Contd.)

Familiarisation Programme for Directors

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company. 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. Link : http://kaya.in/investorrelations/corporategovernance.

- **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit Committee was constituted by the Board of Directors at its meeting held on April 13, 2004 in accordance with Section 292A of the Companies Act, 1956 and the Listing Agreement. Since Section 292A of the Companies Act, 1956 had been substituted by Section 177 of the Companies Act, 2013, the extant Audit Committee was required to be aligned with the applicable provisions of the Companies Act, 2013 and hence the Audit Committee was re-constituted in accordance with Section 177 of the Companies Act, 2013 and also the Listing Agreement to be called as "Audit & Risk Management Committee" on April 28, 2015.

The Audit and Risk Management Committee comprises of the following Members:

Members	Designation
Mr. Nikhil Khattau	Chairman of the Committee
Mr. B. S. Nagesh	Member
Ms. Ameera Shah	Member
Mr. Harsh Mariwala	Permanent Invitee to the Committee
Ms. Almas Badar	Secretary to the Committee

The powers, role and terms of reference of the Committee covers the areas as contemplated under Clause 49 of the Listing Agreement 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.

CORPORATE GOVERNANCE REPORT (Contd.)

Number of Audit and Risk Management Committee Meetings attended by each Member from April 1, 2014 to March 31, 2015:

Names of Members	Number of Board Meetings	
	Held	Attended
Mr. Harsh Mariwala*	4	4
Mr. Rajen Mariwala *	4	3
Dr. Ravindra Mariwala **	4	3
Mr. Rishabh Mariwala**	4	4
Mr. Nikhil Khattau***	4	N.A.
Mr. B. S. Nagesh***	4	N.A.
Ms. Ameera Shah	4	1

**After the re-constitution of the Committee, Mr. Harsh Mariwala and Mr. Rajen Mariwala cease to be the Members of the Committee.*

***Dr. Ravindra Mariwala and Mr. Rishabh Mariwala have resigned from the Board of Kaya Limited w.e.f. April 28, 2015.*

**** Mr. Nikhil Khattau and Mr. B. S. Nagesh were inducted as its Chairman and Member respectively with effect from April 28, 2015.*

- **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee constituted by the Board of Directors on April 28, 2015 in accordance with the Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement comprises of the following Members:

Members	Designation
Mr. B. S. Nagesh	Chairman of the Committee
Mr. Irfan Mustafa	Member
Mr. Rajen Mariwala	Member
Mr. Harsh Mariwala	Permanent Invitee to the Committee
Ms. Almas Badar	Secretary to 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 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;
6. 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;

CORPORATE GOVERNANCE REPORT (Contd.)

7. allotment of shares upon exercise of vested options;

8. any other matter(s) as may be recommended by the Board of Directors.

Nomination and Remuneration Policy

The Nomination and Remuneration Policy, amongst others, lays down the framework in relation to appointment, removal and remuneration of Directors, Key Managerial Personnel and performance evaluation of Independent Directors and the Board and ensure transparent Board nomination process with diversity of thought, experience, knowledge, perspective and gender.

The policy would be reviewed and amended by the Board of Directors, if and when required, for better implementation of policy.

Remuneration to Executive Director

The Company's Board comprises of only one Executive Director viz. Mr. Harsh Mariwala, the Chairman & Managing Director of the Company. He is not entitled to 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, 2015. The remuneration for NEDs was revised by the Board of Directors at its meeting held on April 28, 2015. The following table discloses the approved structure for payment to the NEDs post April 28, 2015:

	Particulars	Remuneration
1.	Fixed Remuneration	NIL
2.	Sitting Fees:	
	a) For Board Meetings and the following Committees of the Board: - Audit and Risk Management Committee - Nomination and Remuneration Committee - Stakeholders' Relationship Committee	Rs. 1,00,000 per meeting attended

Shareholding of Non-Executive Directors

Name of Non-Executive Director	No. of Shares held (As on March 31, 2015)
Mr. Rajen Mariwala	NIL
Ms. Ameera Shah	NIL
Mr. Nikhil Khattau	NIL
Mr. B.S. Nagesh	NIL
Mr. Irfan Mustafa*	N.A.
Total	-

**Appointed as Additional Director w.e.f. April 28, 2015.*

Performance Evaluation

Company is in the process of implementing comprehensive performance evaluation mechanism.

- **<u>STAKEHOLDERS RELATIONSHIP COMMITTEE</u>**

  In accordance with Section 178 of the Companies Act, 2013 and the Listing Agreement, the Stakeholders Relationship Committee was constituted by the Board of Directors at its meeting held on April 28, 2015.

CORPORATE GOVERNANCE REPORT (Contd.)

The Stakeholders Relationship Committee comprises following members:

Members	Designation
Mr. Nikhil Khattau (Director)	Chairman of the Committee
Mr. Dharmendar Jain (Chief Financial Officer)	Member
Mr. Subramanian S. (Chief Executive Officer)	Member
Ms. Almas Badar	Secretary to the Committee

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

Status Report of Investor Complaints for the year ended March 31, 2015

No. of Complaints Received - NIL

No. of Complaints Resolved - NIL

No. of Complaints Pending - NIL

Further, the Company did not receive any share transfer request during the year.

Name and designation of Compliance Officer

Ms. Almas Badar, Company Secretary & Compliance Officer

- **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 Investment, Borrowing and Administrative Committee comprises of the following members:

Members	Designation
Mr. Harsh Mariwala (Chairman and Managing Director)	Chairman of the Committee
Mr. Dharmendar Jain (Chief Financial Officer)	Member
Mr. Subramanian S. (Chief Executive Officer)	Member
Ms. Almas Badar	Secretary to the Committee

The terms of reference of the Committee include, inter alia, to invest, borrow or lend monies with a view to ensure smooth operation and timely action. 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.

CORPORATE GOVERNANCE REPORT (Contd.)

- **GENERAL BODY MEETINGS**

Annual General Meetings

Year	Venue	Brief Particulars of Business Transacted	Date & Time	Whether Special Resolution passed
2012	Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050.	1. Adoption of accounts. 2. Re-appointment of Dr. Ravindra Mariwala as Director. 3. Appointment of Statutory Auditors. 4. Appointment of Mr. Rajendra Mariwala as Director. 5. Appointment of Mr. Rishabh Mariwala as Director.	August 3, 2012 5:30 p.m.	No
2013	Rang Sharda, Krishnachandra Marg, Bandra Reclamation, Bandra (West), Mumbai – 400 050.	1. Adoption of accounts. 2. Re-Appointment of Mr. Rajendra Mariwala as Director. 3. Appointment of Statutory Auditors.	August 9, 2013 11.30 a.m.	No
2014	8th Floor, Conference Room, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai - 400098	1. Adoption of accounts 2. Appointment of Mr. Rishabh Mariwala as Director 3. Appointment of Statutory Auditors 4. Appointment of Ms. Ameera Shah as an Independent Director 5. Approval for Borrowing Limits 6. Alteration of Articles of Association of the Company 7. Ratification of remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2015	September 19, 2014 11:00 a.m.	Yes

Extra Ordinary General Meetings

Year	Venue	Brief Particulars Of Business Transacted	Date & Time	Whether Special Resolution passed
2013	8th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai - 400098	Divestment of 100% equity stake held by the Company in Derma Rx International Aesthetics Pte. Ltd.	November 15,2013 4:30 p.m.	Yes
2014	8th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai - 400098	1. Granting of Stock Option to employees/ Directors of the Company. 2. Granting of Stock Option to employees/ Directors of any subsidiary of the Company.	September 26, 2014 11.00 a.m.	Yes
2015	8th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai - 400098	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.	February 10, 2015 11.30 a.m.	Yes

CORPORATE GOVERNANCE REPORT (Contd.)

Details of Postal Ballot carried out at AGM/EGM

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2014-2015.

- **DISCLOSURES**

1. **Disclosures on materially significant related party transactions that may have potential conflict with the interests of Company at large**

   None of the transactions with any of related parties were in conflict with the Company's interest. The details of related party transactions are set out in the Standalone Financial Statements forming part of this Annual Report.

   The Company has formulated a policy on Related Party Transactions and the policy is disclosed on the website of the Company.

   Link:http://www.kaya.in/investorrelations/corporategovernance

2. **Details of non-compliance by the company, penalties and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

   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 since the last three years.

3. **Policy for determining Material Subsidiaries**

   The Company has formulated a policy for determining the Material Subsidiaries and the policy is disclosed on the website of the Company.

   Link:http://www.kaya.in/investorrelations/corporategovernance

4. **Compliance with mandatory/non-mandatory requirements:**

   i. **Auditors Certificate regarding Compliance of conditions of Corporate Governance**

      This Certificate is not required as the Company was not listed for the period under review. However, the compliance with the conditions of Corporate Governance has been disclosed by the Management as a part of Corporate Governance Philosophy of the Company.

   ii. **Compliance with the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI)**

      Pursuant to Companies (Accounting Standards), 2006, as amended, the Company has been following the Accounting Standards in preparation of the financial statements. The Notes to the Financial Statements consist the significant accounting policies applied consistently.

   iii. **Code of Conduct**

      The Company's Code of Conduct is applicable to all members viz. the employees (whether permanent or not), members of the Board and Associates. 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

   iv. **Whistle Blower Policy**

      We have established a 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

CORPORATE GOVERNANCE REPORT (Contd.)

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.

- **MEANS OF COMMUNICATION**

Financial results for Kaya Limited shall be published in an English Financial Daily and a regional newspaper. 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.

- **GENERAL SHAREHOLDER INFORMATION**

Details of Directors as on date of this annual report seeking appointment/ re-appointment at the forthcoming Annual General Meeting

1. Mr. Rajen Mariwala

Mr. Rajen Mariwala is currently the Managing Director of Eternis Fine Chemicals Limited, a leading exporter of specialty chemicals - specifically chemicals for fragrances and personal care products. He brings with him a rich experience of over 16 years in leading a competitive global business in specialty chemicals. He has been on the Board of Directors of Marico Limited since July 26, 2005.

<table>
<tr><td>DIN</td><td colspan="4">00007246</td></tr>
<tr><td>Age</td><td colspan="4">52 years.</td></tr>
<tr><td>Qualifications</td><td colspan="4">Masters in Chemical Engineering from Cornell University, USA.</td></tr>
<tr><td>Date of Original Appointment</td><td colspan="4">November 1, 2011</td></tr>
<tr><td>Directorships in other companies:</td><td colspan="4">➢ Marico Limited
➢ Eternis Fine Chemicals Limited (Formerly known as Hindustan Polyamides and Fibres Limited)
➢ Patspin India Limited
➢ Arctic Investment & Trading Company Private Limited
➢ Scientific Precision Private Limited
➢ Rajanjali Estates Private Limited
➢ Mariwala Estates Private Limited
➢ HPFL BV
➢ HPFL (UK) Limited
➢ Village Laundry Services</td></tr>
<tr><td rowspan="3">Membership / Chairmanship of Board Committees in other Companies:</td><td>Sr. No.</td><td>Name of the Company</td><td>Type of Committee</td><td>Member/Chairman</td></tr>
<tr><td>1</td><td>Marico Limited</td><td>Audit Committee</td><td>Member</td></tr>
<tr><td>2</td><td>Marico Limited</td><td>Stakeholders Relationship Committee</td><td>Member</td></tr>
</table>

2. Mr. B.S. Nagesh

Mr. B. S. Nagesh is the Vice Chairman and Non–Executive Director of Shoppers Stop Limited. He holds a degree of Masters in Management Studies from the Benaras Hindu University. He is credited with ushering various formats in modern retailing like Hypercity, M.A.C. and Mothercare, Airport Retailing and Entertainment Centres in India. He is the Chairman of Retailers Association of India. He has been voted by Business India as one of the top 50 Managers in India. He was honoured with "The Best Professional of the Year" award at ICICI Bank, Retails Awards in 2005. He has been recognized as 'The Retailer Professional of The Year' by

CORPORATE GOVERNANCE REPORT (Contd.)

CMAI for four years. He has been the only Indian Retailer to be inducted into the World Retail Hall of Fame at World Retail Congress 2008 at Barcelona and has also been inducted into the Indian Retail Hall of Fame in October 2012 at IRF. He founded TRRAIN, a "not for profit" organisation working towards "empowering people in Retail" in 2011.

<table>
<tr><td>DIN</td><td colspan="4">00027595</td></tr>
<tr><td>Age</td><td colspan="4">56 years</td></tr>
<tr><td>Qualifications</td><td colspan="4">Masters in Management Studies</td></tr>
<tr><td>Date of Original Appointment</td><td colspan="4">March 30, 2015</td></tr>
<tr><td>Directorships in other companies:</td><td colspan="4">➢ Shoppers Stop Limited
➢ Hypercity Retail (India) Limited
➢ Retailers Association of India
➢ Marico Limited
➢ TRRAIN Foundation
➢ Entertainment Network (India) Limited
➢ Nagesh (BSN) Consults Private Limited
➢ Neogrowth Credit Pvt Limited</td></tr>
<tr><td rowspan="3">Membership / Chairmanship of Board Committees in other Companies:</td><td>Sr. No.</td><td>Name of the Company</td><td>Type of Committee</td><td>Member/Chairman</td></tr>
<tr><td>1.</td><td>Marico Limited</td><td>Audit Committee</td><td>Member</td></tr>
<tr><td>2.</td><td>Entertainment Network (India) Limited</td><td>Audit Committee</td><td>Member</td></tr>
</table>

3. Mr. Nikhil Khattau

Nikhil Khattau is an experienced banker, entrepreneur and venture investor who has built and invested in companies in India since 1995. Nikhil also has an additional 10 years of international work experience. Nikhil focuses on the agriculture, financial services, retail, consumer services and media sectors in India. Among the boards he sits on the boards of Matrimony.com Ltd. (India's largest matrimony company), Marico (a publicly-held packaged consumer goods company) and Sohanlal Commodity Management (an agriculture logistics company).

Nikhil was the founding CEO of SUN F&C Asset Management, one of the first private sector mutual fund companies in India. At its peak as the fastest-growing asset manager, the firm had over $350 million under management and over 100,000 investors. Under his leadership, the firm successfully acquired two other mutual funds, and built one of the top-ranked India funds. Nikhil successfully sold the business to the Principal Financial Group, USA in 2004.

Nikhil's prior experience includes working for Ernst & Young's Corporate Finance and Audit practices in New York and London from 1986-1995, where he successfully advised a number of mid-market companies on their acquisition and divestment strategies. He also helped set up the firm's investment banking advisory operation in Russia.

CORPORATE GOVERNANCE REPORT (Contd.)

Nikhil received his Bachelor's degree in Commerce from Bombay University and is an associate of the Institute of Chartered Accountants in England and Wales.

<table>
<tr><td>DIN</td><td colspan="4">00017880</td></tr>
<tr><td>Age</td><td colspan="4">52 years</td></tr>
<tr><td>Qualifications</td><td colspan="4">Associate of the Institute of Chartered Accountants in England and Whales.</td></tr>
<tr><td>Date of Original Appointment</td><td colspan="4">March 30, 2015</td></tr>
<tr><td>Directorships in other companies:</td><td colspan="4">➢ Matrimony.Com Private Limited
➢ Sohan Lal Commodity Management Private Limited
➢ North End Foods Marketing Private Limited
➢ Securens Systems Private Limited
➢ India Property Online Private Limited
➢ Kissandhan Agri Financial Services Private Limited
➢ Marico Limited
➢ Mayfield India II, Limited
➢ Mayfield India II Management, Limited
➢ Mayfield Mauritius, Limited</td></tr>
<tr><td rowspan="3">Membership / Chairmanship of Board Committees in other Companies:</td><td>Sr. No.</td><td>Name of the Company</td><td>Type of Committee</td><td>Member/Chairman</td></tr>
<tr><td>1.</td><td>Marico Limited</td><td>Audit Committee</td><td>Chairman</td></tr>
<tr><td>2.</td><td>Marico Limited</td><td>Stakeholders Relationship Committee</td><td>Chairman</td></tr>
</table>

4. **Mr. Irfan Mustafa**

Mr. Irfan Mustafa was born in Lahore, Pakistan over 63 years ago in a Kashmiri middle class professional household. Following are his career highlights:

a) Early schooling in missionary convents leading to MBA at a leading business school in Karachi, Pakistan; followed by a second MBA at IMD (Lusanne, Switzerland).

b) Corporate professional career spanning over 39 years across 4 continents and 3 multinationals. Key positions held:

i. General Manager - Home, Personal and Skin Care businesses and Member of the Managing Committee - Unilever Pakistan;

ii. VP & CEO PepsiCo, West Asia – Pakistan, Sri Lanka, Bangladesh, Afghanistan, Iran, based out of Lahore, Pakistan;

iii. Managing Director, Yum Restaurant International for MENA, PAK and Turkey;

iv. Presently, Managing Shareholder and Chairman, KFC Pakistan, the largest franchise in Pakistan.

c) He has a passion for leadership development, teaching, mentoring and coaching. In this capacity, he has performed or is performing the following roles:

i. Chief Leadership Development Office for Yum Brands;

ii. Teaching at leading business schools including HAAS in Berkeley, Standford California and other business schools in UAE and Pakistan;

CORPORATE GOVERNANCE REPORT (Contd.)

iii. Invited as a motivational speaker at various forums in and out of Pakistan;

iv. Runs a leadership development program for Yum Brands twice a year jointly with Global CEO of KFC.

d) Holds Board Memberships in the following:

i. Shaukat Khanun Cancer Hospital Pakistan;

ii. Co-founder and first Chairman of NetSol Technologies, the first Pakistani company to go on Nasdaq;

iii. Dun & Bradstreet International South Asia & Middle East – Dubai, U.A.E.;

iv. Partner and Board Member, Amazon LLC, California – Franchise of Taco Bell;

v. KFC Global Brand Council.

e) He joined the elite group of Pakistanis in 2013 being nominated for 100 most powerful Pakistanis worldwide.

DIN	07168570
Age	64 years
Qualifications	MBA
	- School in Karachi, Pakistan
	- IMD Lussane, Switzerland
Date of Original Appointment	April 28, 2015
Directorships in other companies:	➢ KFC Pakistan
	➢ Shaukat Khanun Cancer Hospital
	➢ Dun and Bradstreet International South Asia and Middle East
	➢ Amzone LLC
Membership / Chairmanship of Board Committees in other Companies:	NIL

a) General Information

Annual General Meeting

Date : September 24, 2015

Time : 9:30 a.m.

Venue : Dr. R. H. Patil Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Book Closure dates : Friday, September 18, 2015 to Thursday, September 24, 2015 (both days inclusive).

Dividend payment : No dividend was declared/ paid during the period under review.

b) Financial calendar

Financial Year : April 01 - March 31

c) Listing Details : The Company made an application to Securities Exchange Board of India ("SEBI") through the National Stock Exchange of India Limited and BSE Limited vide its letter dated June 12, 2015 for relaxation from the strict enforcement of the requirement of Rule 19 (2) (b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of its equity securities. The application was made in accordance with

CORPORATE GOVERNANCE REPORT (Contd.)

SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013. As on the date of this Annual Report, the Company awaits the final listing approval from the National Stock Exchange of India Limited and BSE Limited for commencement of trading of equity shares of the Company.

d) ISIN : INE587G01015

e) Company Identification Number (CIN) : U85190MH2003PLC139763

f) Market Price Data : Kaya Limited was not listed for the period under review.

g) Performance in Comparison BSE Sensex, S & P CNX Nifty : Kaya Limited was not listed for the period under review.

h) Registrar & Transfer Agents : M/s Link Intime India Pvt Limited (erstwhile Intime Spectrum Registry Limited), (Unit: Kaya Limited) C-13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078.

i) 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.

j) Distribution : of Shareholding as on March 31, 2015 (Pre-Merger)

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 5000	6	85.71	6	0.000033616
5001-10000	-	-	-	-
10001-20000	-	-	-	-
20001-30000	-	-	-	-
30001-40000	-	-	-	-
40001-50000	-	-	-	-
50001-100000	-	-	-	-
100001 & above	1	14.29	1,78,48,969	99.999966384
Total	**7**	**100.00**	**1,78,48,975**	**100.00**

k) Distribution : of Shareholding as on the Record date (Post-Merger)

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 5000	30010	99.50	2007223	15.56
5001-10000	57	0.19	414791	3.22
10001-20000	43	0.14	627331	4.86
20001-30000	9	0.03	237117	1.84
30001-40000	8	0.03	289386	2.24
40001-50000	2	0.01	90466	0.70
50001-100000	14	0.05	1017876	7.89
100001 & above	17	0.06	8212910	63.68
Total	**30160**	**100.00**	**128971000**	**100.00**

l) Categories of : Shareholding as on March 31, 2015 (Pre-Merger)

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	-	-	-
Foreign Institutional Investors	-	-	-
NRIs /FVC / OCBs	-	-	-
Insurance Companies, Banks and other Financial Institutions	-	-	-
Mutual Funds, including Unit Trust of India	-	-	-
Bodies Corporate	1*	1,78,48,975	100.00
Resident Individuals, Trusts and in Transit	-	-	-
Total	**1***	**1,78,48,975**	**100.00**

**Inclusive of 6 Nominee shareholders along with the Holding Company.*

m) Categories of : Shareholding as on the Record date (Post-Merger)

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	28	7828924	60.70
Foreign Institutional Investors	45	812547	6.30
NRIs /FVC / OCBs	772	159696	1.24
Insurance Companies, Banks and other Financial Institutions	13	123545	0.96
Mutual Funds, including Unit Trust of India	7	468012	3.63
Bodies Corporate	628	728454	5.65
Clearing Members	131	73222	0.57
Resident Individuals, Trusts and in Transit	28536	2702700	20.96
Total	**30160**	**1,28,97,100**	**100.00**

n) **Dematerialization of Shares and Liquidity** : As on March 31, 2015, 99.82% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

In terms of the notification issued by SEBI, trading in the equity shares of the Company is permitted only in dematerialised form with effect from May 31, 1999.

o) **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.

p) **Shareholders / Investors Complaint's received and redressed** : The Company gives utmost priority to the interests of the investors. All the requests / complaints of the shareholders have been addressed to the satisfaction of the shareholders within the statutory time limits. During the financial year ended March 31, 2015, no complaints were received from the shareholders:

Nature of Complaint	Received	Resolved
Non-Receipt of Dividend	N.A.	N.A.
Non-Receipt of Shares lodged for Transfer	–	–
Total	–	–

q) **Address for correspondence** : <u>**Shareholding related queries**</u>

Company's Registrar & Transfer Agent:
M/s Link Intime India Pvt Limited
Unit: Kaya Limited
C -13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai 400 078.
Tel.: 022 - 25946970, Fax: 022 - 25946969
E-mail: rnt.helpdesk@linkintime.co.in

General Correspondence
Company Secretary & Compliance Officer
Kaya Limited
23/C, Mahal Industrial Area,
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

Chief Executive Officer (CEO) / Chief Financial Officer (CFO) Certification

We hereby certify that:

(a) We have reviewed financial statements as on March 31, 2015 and to the best of our knowledge and belief:

   (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent or illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

   (i) significant changes in internal control over financial reporting during the year;

   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly,

For **Kaya Limited**

Harsh C. Mariwala
Chairman & Managing Director

For **Kaya Limited**

Dharmendar Jain
Chief Financial Officer

Date: May 14, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAYA LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT (Contd.)

TO THE MEMBERS OF KAYA LIMITED

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

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

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements (Refer Note 20);

        ii. The Company has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place : Mumbai
Date : May 15, 2015

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 of the Independent Auditor's Report of even date to the members of Kaya Limited on the standalone financial statements for the year ended March 31, 2015

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

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

ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.

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

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a) and 3(iii)(b) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added tax and other material statutory dues with the appropriate authorities.

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

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT (Contd.)

Referred to in paragraph 9 of the Independent Auditor's Report of even date to the members of Kaya Limited on the standalone financial statements for the year ended March 31, 2015

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

c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2015 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.

ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.

xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place : Mumbai
Date : May 15, 2015

BALANCE SHEET AS AT MARCH 31, 2015

(Figures in Rupees)

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

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

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

Uday Shah
Partner
Membership No.: 46061

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman
of Audit and Risk Committee

Mumbai: May 15, 2015

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

Almas Badar
Company Secretary and Compliance officer

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

(Figures in Rupees)

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

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

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

Uday Shah
Partner
Membership No.: 46061

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman
of Audit and Risk Committee

Mumbai: May 15, 2015

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

Almas Badar
Company Secretary and Compliance officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Figures in Rupees)

	Year ended March 31, 2015	Year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**154,681,471**	**395,116,472**
Adjustments for:		
Depreciation and amortisation expenses	63,932,597	49,243,915
Impairment (reversal) / loss on fixed assets (Refer note 29)	–	(11,948,054)
Other provisions (Refer note 9(b))	–	34,036,400
Profit on sale investment in a subsidiary (Refer note 29)	–	(428,680,374)
Finance costs	80,573	1,489,500
Interest income	(416,835)	(145,329)
Irrecoverable balances written off (net)	–	7,324
Liabilities written back to the extent no longer required	(6,847,036)	(6,813,623)
Employee stock option charge (Refer note 26)	3,265,515	–
Loss on sale / discarding of assets (net)	111,328	3,785,532
Profit on sale of current investments (Refer note 23)	(141,795,514)	(29,306,799)
Provision for diminution in the value of current investments (net of amount written back)	(3,300,953)	3,300,953
Dividend Income (Refer note 23)	(1,668,761)	(28,647)
Provision for doubtful debts	–	500,000
	(86,639,086)	**(384,559,202)**
Operating profit before working capital changes	**68,042,385**	**10,557,270**
Adjustments for:		
(Increase) in inventories	(74,517,093)	(12,007,517)
(Increase) / decrease in trade receivables	(832,755)	54,996
(Increase) / decrease in loans and advances and other current and non-current assets	(26,383,992)	16,705,613
Increase / (decrease) in trade payables and other current and non-current liabilities and provisions	100,908,246	104,846,147
	(825,594)	**109,599,239**
Cash (used in) / generated from operations	**67,216,791**	**120,156,509**
Taxes paid (net of refund)	8,744,524	13,355,006
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	**58,472,267**	**106,801,503**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

(Figures in Rupees)

		Year ended March 31, 2015	Year ended March 31, 2014
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(233,633,502)	(73,943,782)
	Sale of fixed assets	112,207	12,705,573
	Investments in a subsidiary	(3,076,000)	(431,165,000)
	Divestment of subsidiary (net)	(139,330,917)	1,611,496,291
	Purchase of Current Investments - in mutual funds (net)	329,786,741	(1,243,742,452)
	Dividend income received	1,668,761	28,647
	Interest income received	981,959	79,313
	NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	**(43,490,751)**	**(124,541,410)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Loans repaid to Holding Company	–	(751,131)
	Finance costs paid	(80,573)	(1,489,500)
	NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	**(80,573)**	**(2,240,631)**
D	**NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS [A + B + C]**	**14,900,943**	**(19,980,538)**
E	**Cash and cash equivalents - opening balance (Refer note 17)**	**13,824,156**	**33,804,694**
F	**Cash and cash equivalents - Acquired pursuant to Amalgamation**	**4,425,228**	**–**
G	**Cash and cash equivalents - closing balance (Refer note 17) [D + E]**	**33,150,327**	**13,824,156**

Notes:

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

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061

Mumbai: May 15, 2015

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

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman
of Audit and Risk Committee

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

Almas Badar
Company Secretary and Compliance officer

NOTES TO STANDALONE FINANCIAL STATEMENTS

1A. GENERAL INFORMATION

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

1B. SCHEME OF ARRANGEMENT:

a. On September 29, 2014 the Board of Directors of Marico Kaya Enterprises Limited ('MaKE'), the holding company and the company, have approved the Scheme of Arrangement ('the Scheme') for Amalgamation of MaKE with the Company with effect from appointed date April 1, 2014. The Hon'ble High Court of Bombay has approved the Scheme vide its order dated April 18, 2015, and thereafter filed with Registrar of Companies on May 13, 2015.

b. In terms of the Scheme, all assets, liabilities and reserves of MaKE have been vested with the Company with effect from April 1, 2014 and have been recorded at their respective book values in accordance with the Scheme, under the pooling of interest method as per AS 14 – Accounting for Amalgamation.

c. All the inter-company balances between the Company and MaKE as at April 1, 2014 stand cancelled.

d. The Company will issue 12,897,100 equity shares of Rs. 10/- each, fully paid-up, of the Company to the holders of Equity shares of Marico Kaya Enterprises Limited whose names will be registered in the register of members on the record date, without payment being received in cash, in the ratio of 1 (one) fully paid-up equity shares of Rs. 10/- each of the Company for every 1 (one) fully paid-up equity shares of Rs. 1 held in Marico Kaya Enterprises Limited. Pending issue of such shares as at March 31, 2015, the face value of shares to be issued has been accounted under Share Capital Suspense Account (Refer notes 3(a) & 3(b))

e. Further, in terms of the Scheme, the existing share capital of the Company of Rs. 178,489,750 was reduced upon the Scheme becoming effective i.e. on May 13, 2015, with corresponding adjustment with securities premium.

f. Accordingly, in terms of the Scheme, after giving effect to the aforesaid, the difference has been adjusted against the Securities Premium Account as under :

Particulars	Amount in Rs.	Amount in Rs.
Book value of assets, liabilities and reserves of MaKE		
Assets		
Non-current investments	1,818,416,875	
Long-term loans and advance	1,135,593,090	
Current investments	18,874,755	
Cash and bank balances	4,425,228	
Other current assets	168,540	
Total (i)	**2,977,478,488**	
Liabilities		
Trade payables	1,299,070	
Other current liabilities and provisions	4,644,882	
Total (ii)	**5,943,952**	
Reserves		
Capital reserve	265,281,808	

NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	Amount in Rs.	Amount in Rs.
Securities premium reserve	2,576,710,294	
Surplus in statement of profit and loss	571,434	
Total (iii)	**2,842,563,536**	
Book value of assets, liabilities and reserves of MaKE		
12,897,100 Equity Shares of Rs. 10 Each of the Company to be issued	128,971,000	
Book value of Investment by MaKE in Kaya Limited (A)		1,818,416,875
Equity Shares of Kaya Limited held by MaKE cancelled (B)		178,489,750
Adjustments in securities premium in terms of the Scheme (A-B)		**1,639,927,125**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of standalone financial statements:

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

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

b) Use of Estimates:

The preparation of the standalone financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the standalone financial statements and reported amounts of income and expenses during the year. Examples of such estimates include future obligations under employee retirement benefit plans, income taxes, the useful lives and provision for impairment of fixed assets and intangible assets.

Management believes that the estimates used in the preparation of standalone financial statements are prudent and reasonable. Future results could differ from these estimates.

c) Tangible assets, intangible assets and capital work-in-progress:

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation / amortisation and impairment loss, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

d) Depreciation / amortization:

1) Tangible assets

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

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

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

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

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

2) Intangible assets

Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, but not exceeding the period given here under:

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

e) Impairment:

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

f) Investments:

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

g) Inventories:

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

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

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

h) Revenue recognition:

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

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

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

4) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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

i) Employee benefits:

1) Long-term employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(iii) Compensated absences

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

j) Foreign currency transactions:

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

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

k) Accounting for taxes on income:

1) Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961.

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

3) Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of realization and other items are recognized when there is a reasonable certainty of realisation.

l) Assets taken on lease:

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

m) Accounting for provision, contingent liabilities and contingent assets:

Provisions are recognised, when there is a present obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are disclosed only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognised in the standalone financial statements.

n) Utilisation of Securities Premium Reserve

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

o) Employee Share Based Payments

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense, equal to amortised portion of value of lapsed portion and the credit to deferred employee compensation expense equal to the un-amortised portion.

p) Earnings Per Share

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

(Figures in Rupees)

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

(c) Reconciliation of number of shares

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

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(e) Shares held by the holding company:

Refer Note 1(B)

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

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

reflects proportionate number of shares that shall be issued pursuant to the Scheme

(g) Shares reserved for issue under options :

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

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

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. 3,265,515 as compensation cost under the 'intrinsic value' method (Refer note 26). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

NOTES TO STANDALONE FINANCIAL STATEMENTS

Particulars	For the year ended March 31, 2015 (Rs.)
Net Profit after tax as reported	154,908,589
Add : Stock-based employee compensation expense included in Net profit	3,265,515
Less : Stock-based employee compensation expense as per Fair Value	7,122,404
Adjusted pro-forma	151,051,700
Basic earnings per share as reported (Refer note 38)	12.01
Pro-forma basic earnings per share	11.71
Diluted earnings per share as reported (Refer note 38)	12.00
Pro-forma diluted earnings per share	11.70

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

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

(Figures in Rupees)

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2015	As at March 31, 2014
5.	**LONG–TERM BORROWINGS**		
	Unsecured:		
	Loan from the holding company – Interest free	–	1,132,012,847
	Total	**–**	**1,132,012,847**

The above loan is given by the holding company to provide long–term funding support to the Company. There were no specific terms of repayment of the loan.

6.	**LONG–TERM PROVISIONS**		
	Provision for equalisation of rent expenses (Refer note (a) below)	38,207,766	24,472,762
	Provision for site restoration cost (Refer note (b) below)	16,150,000	10,710,000
	Total	**54,357,766**	**35,182,762**

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

b) Provision for site restoration cost

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

The Company uses various leased premises for its clinics and skin bars. A provision for site restoration cost is recognised for the estimates made for probable liability towards the restoration of these premises at the end of lease period

7.	**TRADE PAYABLES**		
	Trade payables	145,153,519	99,412,291
	Payable to related party	5,545,212	19,675,570
	Total	**150,698,731**	**119,087,861**

(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 other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	–	–
Further interest remaining due and payable for earlier years.		

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2015	As at March 31, 2014
8.	**OTHER CURRENT LIABILITIES**		
	Advances from customers	463,613,965	419,334,812
	Book overdraft	7,727,749	842,569
	Statutory dues including provident fund and tax deducted at source	16,755,129	31,731,004
	Creditors for capital goods	11,571,273	6,740,713
	Employee benefits payable	59,763,559	43,126,393
	Relating to Sale of Investment in DIAL Group (Refer Note 29(b))	-	139,330,917
	Others	8,191,447	13,167,586
	Total	**567,623,122**	**654,273,994**
9.	**SHORT–TERM PROVISIONS**		
	Provision for employee benefits:		
	Provision for gratuity (Refer Note 34)	8,288,410	8,057,226
	Provision for compensated absences (Refer Note 34)	14,532,642	12,222,362
		22,821,052	20,279,588
	Other provisions:		
	Provision for Income tax (Net of advance tax of Rs.57,618,465 (Previous year Rs. 45,066,580))	–	10,433,420
	Provision for lease termination cost (Refer note (a) below)	–	–
	Provision for equalisation of rent expenses (Refer note 6(a))	10,617,496	10,089,157
	Provision for site restoration cost (Refer note 6(b))	2,380,000	4,080,000
	Other Provisions (Refer note (b) below)	34,036,400	34,036,400
		47,033,896	58,638,977
	Total	**69,854,948**	**78,918,565**

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

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

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

(b) **Other Provisions:**

Other Provisions relates to a statutory matter. Any additional information in this regard can be expected to significantly prejudice the position of the Company (Refer Note 29).

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

10. Fixed Assets

(Figures in Rupees)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				IMPAIRMENT				NET BLOCK	
	As at April 1, 2014	Additions	Deductions / Adjustments	As at March 31, 2015	Upto April 1, 2014	For the year	Deductions/ Adjustments	Upto March 31, 2015	Upto March 31, 2014	Deductions / Adjustments	Charge / (Reversal) for the year (Refer note 29)	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible assets														
Plant and equipment	752,630,200	116,743,051	92,217,871	777,155,380	543,135,542	44,437,247	91,502,108	496,070,681	102,198,843	(465,189)	–	101,733,654	179,351,045	107,295,815
Office equipment	49,035,556	4,160,761	2,465,390	50,730,927	33,773,924	2,375,316	2,253,115	33,896,125	9,716,631	(110,950)	–	9,605,681	7,229,121	5,545,001
Furniture and fixtures (Refer note a below)	179,433,589	31,171,687	10,067,014	200,538,262	89,696,939	8,472,158	9,396,534	88,772,563	52,989,077	(798,844)	–	52,190,233	59,575,466	36,747,573
Leasehold improvements	39,192,613	48,391,794	–	87,584,407	6,834,772	6,623,755	–	13,458,527	1,167,573		–	1,167,573	72,958,307	31,190,268
Total – A	**1,020,291,958**	**200,467,293**	**104,750,275**	**1,116,008,976**	**673,441,177**	**61,908,476**	**103,151,757**	**632,197,896**	**166,072,124**	**(1,374,983)**	**–**	**164,697,141**	**319,113,939**	**180,778,657**
Intangible assets														
Computer softwares	24,950,632	1,336,292	–	26,286,924	21,192,137	2,024,121	–	23,216,258	1,350,048	–	–	1,350,048	1,720,618	2,408,447
Trademarks / copyrights	152,607	-	–	152,607	44,511	–	–	44,511	–		–	–	108,096	108,096
Total – B	**25,103,239**	**1,336,292**	**–**	**26,439,531**	**21,236,648**	**2,024,121**	**–**	**23,260,769**	**1,350,048**	**–**	**–**	**1,350,048**	**1,828,714**	**2,516,543**
Total – A + B	**1,045,395,197**	**201,803,585**	**104,750,275**	**1,142,448,507**	**694,677,825**	**63,932,597**	**103,151,757**	**655,458,665**	**167,422,172**	**(1,374,983)**	**–**	**166,047,189**	**320,942,653**	**183,295,200**
Previous year	1,021,470,662	68,628,444	44,703,909	1,045,395,197	670,871,607	49,243,915	25,437,697	694,677,825	182,145,333	(2,775,107)	(11,948,054)	167,422,172	183,295,200	

Notes:

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

b) Impairment reversal of Rs. Nil (Previous year Rs. 11,948,054) is reflected as “Exceptional Item” in the Statement of Profit and Loss. (Refer note 29)

NOTES TO STANDALONE FINANCIAL STATEMENTS

10. Fixed Assets

(Figures in Rupees)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				IMPAIRMENT				NET BLOCK	
	As at April 1, 2013	Additions	Deductions / Adjustments	As at March 31, 2014	Upto April 1, 2013	For the year	Deductions/ Adjustments	Upto March 31, 2014	Upto March 31, 2013 (Refer note b below and note 29)	Deductions / Adjustments	Charge / (Reversal) for the year (Refer note 29)	Impairment loss as at March 31, 2014 (Refer note 29)	As at March 31, 2014	As at March 31, 2013
Tangible assets														
Plant and equipment	744,320,344	32,247,292	23,937,436	752,630,200	526,941,677	34,925,963	18,732,098	543,135,542	112,064,198	–	(9,865,355)	102,198,843	107,295,815	105,314,469
Office equipment	47,302,477	1,794,568	61,489	49,035,556	30,804,999	3,019,904	50,979	33,773,924	10,343,079	–	(626,448)	9,716,631	5,545,001	6,154,399
Furniture and fixtures (Refer note a below)	165,574,347	23,940,553	10,081,311	179,433,589	90,004,745	5,043,551	5,351,357	89,696,939	57,829,735	(2,775,107)	(2,065,551)	52,989,077	36,747,573	17,739,867
Leasehold improvements	39,477,359	10,338,927	10,623,673	39,192,613	3,506,749	4,631,286	1,303,263	6,834,772	1,167,573	–	–	1,167,573	31,190,268	34,803,037
Total – A	**996,674,527**	**68,321,340**	**44,703,909**	**1,020,291,958**	**651,258,170**	**47,620,704**	**25,437,697**	**673,441,177**	**181,404,585**	**(2,775,107)**	**(12,557,354)**	**166,072,124**	**180,778,657**	**164,011,772**
Intangible assets														
Computer softwares	24,643,528	307,104	–	24,950,632	19,568,926	1,623,211	–	21,192,137	740,748		609,300	1,350,048	2,408,447	4,333,854
Trademarks / copyrights	152,607	–	–	152,607	44,511	–	–	44,511	–		–	–	108,096	108,096
Total – B	**24,796,135**	**307,104**	**–**	**25,103,239**	**19,613,437**	**1,623,211**	**–**	**21,236,648**	**740,748**	**–**	**609,300**	**1,350,048**	**2,516,543**	**4,441,950**
Total – A + B	**1,021,470,662**	**68,628,444**	**44,703,909**	**1,045,395,197**	**670,871,607**	**49,243,915**	**25,437,697**	**694,677,825**	**182,145,333**	**(2,775,107)**	**(11,948,054)**	**167,422,172**	**183,295,200**	**168,453,722**
Previous year	1,153,416,518	104,263,227	236,209,083	1,021,470,662	639,529,622	102,722,055	71,380,070	670,871,607	81,987,420	–	100,157,913	182,145,333	168,453,722	

Notes:

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015		As at March 31, 2014
14. CURRENT INVESTMENTS:			
(at lower of cost and fair market value)			
Non – trade Short Term investments:			
Investments in Mutual Funds (Unquoted):			
Peerless Ultra Short Term Fund Super Institutional Growth	–		150,000,000
Nil (10,837,759) Units of Rs. 10 each fully paid			
Reliance Dynamic Bond Fund – Growth Plan	–	99,364,460	
Nil (5,996,974) Units of Rs. 10 each fully paid			
Less: Provision for dimunition in the value of investment		(769,412)	98,595,048
ICICI Prudential Income– Regular Plan– Growth	–	50,000,000	
Nil (1,269,770) Units of Rs. 10 each fully paid			
Less: Provision for diminution in the value of investment	–	(2,531,541)	47,468,459
ICICI Prudential Ultra Short Term Regular Plan Growth	–		100,000,000
NIl (7,937,579) Units of Rs. 10 each fully paid			
ICICI Prudential Banking & PSU Debt Fund – Regular Plan– Growth	152,060,446		–
10,058,704 (Nil) Units of Rs. 10 each fully paid			
JP Morgan India Liquid Fund Super Institutional Growth	–		57,806,947
Nil (3,547,440) Units of Rs. 10 each fully paid			
JP Morgan India Treasury Fund Super Institutional Growth	–		50,000,000
Nil (3,039,421) Units of Rs. 10 each fully paid			
Kotak Liquid Scheme Plan A Growth	–		150,684,762
Nil (59,510) Units of Rs. 1,000 each fully paid			
Birla Sun Life Cash Plus Fund– Growth– Regular Plan	13,902,952		33,800,000
62,182 (165,056) Units of Rs. 100 each fully paid			
JM Money Manager Fund– Super Plus Plan– Growth	–		31,000,000
Nil (1,741,182) Units of Rs. 10 each fully paid			

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015	As at March 31, 2014
HDFC Floating Rate Income Fund– STP– WO– Growth	–	150,684,075
Nil (6,994,605) Units of Rs. 10 each fully paid		
HDFC High Interest Fund– Dynamic Plan– Growth	150,000,000	–
3,125,456 (Nil) Units of Rs. 10 each fully paid		
DWS Ultra Short Term Fund – Institutional Plan – Growth	–	50,000,000
Nil (3,332,489) Units of Rs. 10 each fully paid		
Baroda Pioneer Treasury Advantage Fund– Plan A– Growth	167,089,160	151,274,736
105,136 (105,172) Units of Rs. 1,000 each fully paid		
Reliance Money Manager Fund – Growth Plan	34,000,000	49,999,999
17,801 (29,041) Units of Rs. 1,000 each fully paid		
SBI Magnum Insta Cash Fund Liquid Floater – Regular Plan– Growth	50,000,000	113,530,337
21,139 (51,908) Units of Rs. 1,000 each fully paid		
SBI Treasury Advantage Fund – Regular Plan– Growth	100,000,180	–
65,550 (Nil) Units of Rs. 1,000 each fully paid		
Sundaram Ultra Short Term Fund– Regular– Growth	–	150,000,000
Nil (871,388) Units of Rs. 10 each fully paid		
UTI Banking & PSU Debt Fund– Regular Plan – Growth	–	150,000,000
Nil (14,920,029) Units of Rs. 10 each fully paid		
Principal Debt Opportunities Fund Corporate Bond Plan– Regular Plan Growth	150,000,000	–
71,815 (Nil) Units of Rs. 1,000 each fully paid		
Religare Invesco Credit Opportunities Fund– Growth	–	150,000,000
Nil (105,105) Units of Rs. 1,000 each fully paid		

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

	As at March 31, 2015	As at March 31, 2014
15. INVENTORIES		
(Refer note 2(g) for basis of valuation)		
Stores, spares and consumables	107,405,959	75,087,791
Raw materials	21,102,859	7,297,668
Packing materials	35,216,585	24,137,099
Work–in–process #	8,548,215	3,451,333
Finished goods #	54,417,565	42,307,652
Stock– in–trade #	3,772,422	3,664,969
Total	**230,463,605**	**155,946,512**

Skin care Products

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2015	As at March 31, 2014
19.	**OTHER CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Insurance claims receivable	–	84,830
	Others	9,291,332	4,741,238
	Total	**9,291,332**	**4,826,068**
20 (a)	**CONTINGENT LIABILITIES**		
	Claims against the Company not acknowledged as debts		
	– Income tax matters	1,467,397,145	128,531,797
	– Sales tax matters	53,034,531	28,563,023
	– Service tax matters	22,138,889	172,919,306
	– Other matters	3,820,000	3,750,000
	Total	**1,546,390,565**	**333,764,126**

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

20 (b) The Company has been sanctioned cash credit and letter of credit facilities of Rs. 150,000,000 (Rs. 80,000,000) by a bank. This facility is secured by first and exclusive charge on all existing and future receivable and current assets and second pari passu charge on moveable fixed assets of the Company. Amount outstanding towards these facilities on account of letter of credit as at year end is Rs. 1,257,692 (Previous year Rs. 1,898,903).

		As at March 31, 2015	As at March 31, 2014
21.	**CAPITAL AND OTHER COMMITMENTS**		
	(a) Capital Commitments		
	Estimated value of contracts in capital account remaining to be executed (net of capital advances)	8,425,292	1,249,188
	(b) Other Commitments		
	Lease termination cost – representing lock–in–period rental under rental agreements	109,384,484	145,106,817
22.	**REVENUE FROM OPERATIONS**		
	Sale of products #	350,662,626	338,435,961
	Sale of services #	1,382,562,245	1,195,350,922
		1,733,224,871	1,533,786,883
	Other operating revenues	7,532,310	429,406
	# Skin care products and services		
	Total	**1,740,757,181**	**1,534,216,289**
23.	**OTHER INCOME**		
	Interest income	416,835	145,329
	Dividend income:		
	– On current investments	1,668,761	28,647
	Profit on sale of current investments	141,795,514	29,306,799
	Liabilities written back to the extent no longer required	6,847,036	6,813,623
	Provision for diminution in the value of current investments Written Back	3,300,953	–
	Other non operating income	6,101,987	3,075,418
	Total	**160,131,086**	**39,369,816**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		Year ended March 31, 2015	Year ended March 31, 2014
24.	**COST OF MATERIALS CONSUMED (Refer note 33(a))**		
	Raw materials consumed	62,432,791	52,297,194
	Packing materials consumed	61,307,150	43,103,324
	Total	**123,739,941**	**95,400,518**
25.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK–IN–PROCESS AND STOCK–IN–TRADE**		
	Stock at the end of the year:		
	– Work–in–process	8,548,215	3,451,333
	– Finished goods	54,417,565	42,307,652
	– Stock–in–trade	3,772,422	3,664,969
	Total A	66,738,202	49,423,954
	Less: Stock at the beginning of the year:		
	– Work–in–process	3,451,333	2,223,821
	– Finished goods	42,307,652	46,714,127
	– Stock–in–trade	3,664,969	3,677,591
	Total B	49,423,954	52,615,539
	Changes in inventories (B – A)	**(17,314,248)**	**3,191,585**
26.	**EMPLOYEE BENEFITS EXPENSES**		
	Salaries, wages and bonus	368,438,057	276,213,561
	Contribution to provident and other funds (Refer note 34(b))	18,998,386	15,967,796
	Gratuity (Refer note 34(c))	2,852,875	3,426,582
	Staff welfare expenses	36,514,267	31,667,560
	Seconded employees cost	–	72,864,157
	Employee stock option charge (Refer Note 3(g))	3,265,515	–
	Total	**430,069,100**	**400,139,656**
27.	**FINANCE COSTS**		
	Interest on:		
	Short term borrowings	57,300	1,430,137
	Others	23,273	59,363
	Total	**80,573**	**1,489,500**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

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

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

(b) On November 14, 2013, the Board of Directors of the Company approved the divestment of its investment in Derma Rx International Aesthetics Pte Limited, along with its step down subsidiaries DRx Clinic Pte. Ltd., DRx Aesthetics Sdn Bhd and DRx Medispa Pte. Ltd (collectively referred as 'DIAL Group') subject to the approval of the shareholders. The shareholders' approval was obtained at the Extra Ordinary General Meeting held on November 15, 2013. As a result, a Share Purchase Agreement was entered on December 1, 2013 for divestment of 100% stake in DIAL Group, which was concluded on January 9, 2014 upon receipt of consideration of SGD 34,477,386 (Equivalent Rs. 1,680,083,004), resulting into a profit of Rs. 428,680,374 (after adjusting the expenditure incurred in relation to divestment of Rs. 207,917,630).

30.	**CIF VALUE OF IMPORTS**		
	Raw materials	38,357,668	33,160,481
	Packing materials	51,948,235	34,507,921
	Consumables	2,875,213	10,617,051
	Capital goods	90,572,144	11,289,058
	Finished goods	–	2,130,771
	Total	**183,753,260**	**91,705,282**
31.	**EXPENDITURE IN FOREIGN CURRENCY**		
	Travelling, conveyance and vehicle expenses	77,525	1,214,245
	Legal and professional charges	1,659,426	216,337
	Advertisement and sales promotion	2,887,753	179,246
	Others	691,571	11,377
	Total	**5,316,275**	**1,621,205**
32.	**EARNINGS IN FOREIGN CURRENCY #**		
	Revenue from exports on FOB Basis	9,138,953	8,338,207
	Sale of goods and services	40,572,269	42,102,676
	Total	**49,711,222**	**50,440,883**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

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

(b) Value of imported and indigenous materials consumed:

	March 31, 2015		March 31, 2014	
Raw Materials	**Amount**	**%**	**Amount**	**%**
Imported	29,717,205	48%	30,206,000	58%
Indigenous	32,715,586	52%	22,091,194	42%
Total	**62,432,791**		**52,297,194**	
Consumables, Stores And Spare Parts:				
Imported	12,121,777	6%	15,008,891	8%
Indigenous	207,233,317	94%	163,463,514	92%
Total	**219,355,094**		**178,472,405**	
(c) Purchases of stock–in–trade:				
Skin care products (Indigenous)	5,232,586		2,130,771	
Total	**5,232,586**		**2,130,771**	

NOTES TO STANDALONE FINANCIAL STATEMENTS

34. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 – EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

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

b) Defined contribution plan:

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

(Figures in Rupees)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Contribution to provident fund	15,869,907	12,254,699
Contribution to employee state insurance contribution	3,108,131	3,692,041
	18,978,038	15,946,740

c) Defined benefit plans (Gratuity funded):

(Figures in Rupees)

		March 31, 2015	March 31, 2014
I	Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
	Discount rate	8.01%	8.69%
	Rate of return on plan assets *	8.01%	8.70%
	Salary escalation rate **	11.00%	11.00%
	Attrition rate	14% and 46%	14% and 46%
	* The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations.		
	** The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		
II	Change in defined benefit obligations:		
	Liability at beginning of the year	15,280,904	6,602,003
	Interest cost	1,327,911	511,655
	Current service cost	1,443,121	620,409
	Past service cost (non vested benefits)	–	–
	Past service cost (vested benefits)	–	–
	Liabilities transferred in	–	7,223,678
	Benefits paid	(2,621,721)	(1,971,359)
	Actuarial (gain) / loss on obligations	1,351,209	2,294,518
	Liability at the end of the year	**16,781,424**	**15,280,904**
III	Fair value of plan assets:		
	Fair value of plan assets at the beginning of the year	7,223,678	–
	Expected return on plan assets	628,460	–
	Assets transferred in	–	7,223,678
	Contributions	–	–
	Benefits paid	–	–
	Actuarial gain / (losses) on plan assets	640,876	–
	Fair value of plan assets at the end of the year	**8,493,014**	**7,223,678**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

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

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

		March 31, 2015	March 31, 2014
XI	Closing net liability (as above)		
	Classified as short–term	8,288,410	8,057,226
	Classified as long–term	–	–

d) Leave Encashment:

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

(Figures in Rupees)

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

35. SEGMENT REPORTING:

Primary Segment:

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

Secondary Segment:

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

36. RELATED PARTY DISCLOSURES

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

(Amount in Rupees)

Particulars	Holding company		Enterprise over which KMP have significant Influence		Subsidiary/fellow subsidiaries		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Transactions during the year								
Sale of goods	–	–	–	–	9,138,953	8,338,207	9,138,953	8,338,207
Sale of fixed assets	--	--	61,500	4,805,544	--	--	61,500	4,805,544
Purchase of goods	--	--	1,562,344	--	--	--	1,562,344	--
Purchase of Fixed Assets	--	--	--	186,669	--	257,302	--	443,971
Reimbursement of expenses paid by Company on behalf of	--	--	--	--	2,674,520	7,222,488	2,674,520	7,222,488
Royalty Expenses (with effect from October 1, 2013)	–	7,807,760	--	--	--	--	--	7,807,760
Legal and Professional			4,747,611	9,828,657			4,747,611	9,828,657
Reimbursement of expenses incurred for the company (Seconded employee cost, electricity and other)	--	--	9,762,079	121,139,576	279,276	86,015	10,041,355	121,225,591
Rent Paid	--	--	6,474,550	8,246,963	--	--	6,474,550	8,246,963
Employee's related liabilities transferred	--	10,257,695	--	--	--	--	--	10,257,695
Employee's Loans balances transferred (net of recovery)	--	1,611,045	--	--	--	--	--	1,611,045
Loan repayment (net)	--	751,131	--	--	--	--	--	751,131
Investment Made	--	--	--	--	3,076,000	431,165,000	3,076,000	431,165,000
Balances Receivable/ (Payable) as at the year end								
Investment	--	--	--	--	434,241,000	431,165,000	434,241,000	431,165,000
Trade Payables	--	--	(5,545,212)	(19,675,570)	--	--	(5,545,212)	(19,675,570)
Short term loans and advances	--	--	--	--	3,040,394	5,475,654	3,040,394	5,475,654
Long Term Borrowing *	--	(1,132,012,847)	--	--	--	--	--	(1,132,012,847)
Guarantees Given	--	--	--	80,000,000	--	--	--	80,000,000

* Interest free and without any repayment schedule

Note:

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

(Amount in Rupees)

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

*Interest Free

37. OPERATING LEASES:

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

(Amount in Rupees)

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

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

38. EARNINGS PER SHARE:

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

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

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

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS

40. DERIVATIVE TRANSACTIONS:

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

Particulars	Foreign currency amount			Equivalent amount in Rupees	
	Currency	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Trade payables	USD	13,173	–	823,286	–
Short–term advances	USD	77,594	51,801	4,849,490	3,102,878
	EURO	13,900	13,900	932,259	1,175,506
	GBP	170	--	15,717	--
	AED	178,679	335,810	3,040,394	5,475,654
Other Current Liabilities	SGD	–	2,943,662	–	140,188,986

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

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

As per our attached report of even date.

Signatures to Note 1 to 42

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

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

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman
of Audit and Risk Committee

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

Almas Badar
Company Secretary and
Compliance Officer

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAYA LIMITED

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT (Contd.)

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

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

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

Report on Other Legal and Regulatory Requirements

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

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

    (b) In our opinion, proper books of account as required by law maintained by the Holding Company, incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, incorporated in India including relevant records relating to the preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company incorporated in India, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT (Contd.)

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

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2015 on the consolidated financial position of the Group (Refer Note 28).

ii. The Group has made provision as at March 31, 2015, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 15, 2015

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

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

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

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

ii. (a) The inventory has been physically verified by the Management of the Holding Company, incorporated in India, during the year. In our opinion, the frequency of verification is reasonable.

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

(c) On the basis of our examination of the inventory records, in our opinion, the Holding Company, incorporated in India, is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory of the aforesaid Holding Company as compared to the book records were not material.

iii. The Holding Company, incorporated in India, has not granted any loans, secured or unsecured to companies covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3 (iii) (a) and 3 (iii) (b) of the said Order are not applicable to the aforesaid Holding Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Holding Company, incorporated in India, and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the aforesaid Holding Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. The Holding Company, incorporated in India, has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Holding Company, incorporated in India.

vii. (a) In our opinion, and according to the information and explanations given to us and the records of the Holding Company examined by us, incorporated in India, the Holding Company, is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added tax and other material statutory dues with the appropriate authorities.

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

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT (Contd.)

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

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

(c) There are no amounts required to be transferred by the Holding Company, incorporated in India, to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

viii. The accumulated losses of the Holding Company, incorporated in India, did not exceed fifty percent of its net worth as at March 31, 2015 and the Holding Company, has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.

ix. As the Holding Company, incorporated in India, does not have any borrowings from any financial institution or bank nor have they issued any debentures as at the Balance Sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the aforesaid Holding Company.

x. In our opinion, and according to the information and explanations given to us, the Holding Company, incorporated in India, have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the aforesaid Holding Company.

xi. The Holding Company, incorporated in India, has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the aforesaid Holding Company.

xii. During the course of our examination of the books and records of the Holding Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Holding Company, incorporated in India, noticed or reported during the year, nor have we been informed of any such case by the Management of the Holding Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 15, 2015

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

(Amount in Rs. Lacs)

	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	**3(a)**	-	1,784.90
Share capital suspense account	**3(b)**	1,289.71	-
Reserves and surplus	**4**	22,172.56	6,496.41
		23,462.27	8,281.31
NON – CURRENT LIABILITIES			
Long–term borrowings	**5**	-	11,320.13
Deferred tax liabilities	**6**	-	-
Long–term provisions	**7**	933.49	759.52
		933.49	12,079.65
CURRENT LIABILITIES			
Trade payables	**8**	2,874.81	1,729.91
Other current liabilities	**9**	8,728.96	9,622.05
Short–term provisions	**10**	1,270.86	1,194.62
		12,874.63	12,546.58
Total		**37,270.39**	**32,907.54**
ASSETS			
NON – CURRENT ASSETS			
Fixed assets			
– Tangible assets	**11(a) & (b)**	5,042.71	3,151.50
– Intangible assets	**11(a) & (b)**	257.72	25.15
– Capital work–in–progress		318.77	61.04
		5,619.20	3,237.69
Goodwill on consolidation	**12**	5,914.44	5,507.01
Long-term loans and advances	**13**	2,508.31	1,717.74
Other non-current assets	**14**	15.33	20.22
		14,057.28	10,482.66
CURRENT ASSETS			
Current Investments	**15**	15,190.28	16,848.44
Inventories	**16**	3,348.26	2,471.25
Trade receivables	**17**	86.32	36.66
Cash and bank balances	**18**	3,063.34	1,415.49
Short–term loans and advances	**19**	1,432.00	1,576.78
Other current assets	**20**	92.91	76.26
		23,213.11	22,424.88
Total		**37,270.39**	**32,907.54**

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

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

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman
of Audit and Risk Committee

Darmendra B. Jain
Chief Financial Officer
Mumbai: May 14, 2015

Almas Badar
Company Secretary & Compliens Officer

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

(Amount in Rs. Lacs)

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

The notes are an integral part of these financial statements.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

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

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman of Audit and Risk Committee

Darmendra B. Jain
Chief Financial Officer
Mumbai: May 14, 2015

Almas Badar
Company Secretary & Compliens Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rs. Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
A CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION	3,178.33	4,610.25
Adjustments for:		
Depreciation and amortisation	1,158.81	1,576.78
Finance costs	2.27	225.48
Interest income on fixed deposits and others	(12.24)	(6.52)
Dividend Income on current investments	(16.69)	(0.29)
Loss on sale / discarding of assets (net)	2.08	53.63
Employee stock option charge (Refer note 3(g))	32.66	-
Profit on sale of current investments (net)	(1,417.96)	(293.07)
Profit on sale of Derma Rx Aesthetics Pte Limited (Refer Note 36(a))	-	(6,044.41)
Impairment (reversal) / loss on fixed assets (Refer note 32)	-	(119.48)
Impairment loss on goodwill on consolidation (Refer Notes 36(b))	-	3,850.00
Provision / (reversal) of provision for doubtful debts	-	5.00
Provision for diminution in the value of current investments	(33.01)	33.01
	(284.08)	(719.87)
Operating profit before working capital changes	**2,894.25**	**3,890.38**
Adjustments for:		
(Increase)/ decrease in inventories	(877.01)	(371.18)
(Increase)/ decrease in trade receivables	(49.66)	(32.47)
(Increase)/ decrease in loans and advances, other current and non-current assets	(544.96)	(444.36)
Increase/(decrease) in trade payables and other current and non-current liabilities and provisions	1,889.65	6,312.25
Changes in working capital	418.02	5,464.24
Cash generated from Operations	3,312.27	9,354.62
Taxes paid (net of refunds)	(87.44)	(175.51)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**3,224.83**	**9,179.11**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015 (Contd.)

(Amount in Rs. Lacs)

		Year ended March 31, 2015	Year ended March 31, 2014
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(3,589.47)	(1,632.25)
	Sale / (Purchase) of investments (net)	3,297.88	(12,437.42)
	Consideration received on divestment of DIAL Group (Refer Note 36(a))	(1,393.31)	16,114.96
	Contingent consideration paid (Refer Note 10(a))	-	(3,197.91)
	Dividend income received	16.69	0.29
	Interest received	17.89	5.98
	NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	**(1,650.32)**	**(1,146.35)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest paid	(2.27)	(225.48)
	Other borrowings (repaid) / taken (net)	-	(7,075.40)
	NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	**(2.27)**	**(7,300.88)**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**31.36**	**(961.98)**
E	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**1,603.60**	**(230.10)**
F	**Cash and cash equivalents - opening balance (Refer note 18)**	**1,415.49**	**2,519.31**
G	**Cash and cash equivalents - acquired pursuant to amalgamation**	**44.25**	-
H	**Cash and cash equivalents - transferred on sale of DIAL group**	-	**(873.72)**
I	**Cash and cash equivalents - closing balance (Refer note 18) (E+F+G+H)**	**3,063.34**	**1,415.49**

Notes:

(a) The above Cash Flow statement has been prepared under the indirect method as set out in Accounting Standard 3 (AS 3) 'Cash Flow Statements'.

(b) For non-cash transactions pertaining to investing and financing activities pursuant to Scheme of Arrangement - Refer Note 1B.

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061

Mumbai: May 15, 2015

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

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman of Audit and Risk Committee

Darmendra B. Jain
Chief Financial Officer
Mumbai: May 14, 2015

Almas Badar
Company Secretary & Compliens Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1A. GENERAL INFORMATION

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

1B. SCHEME OF ARRANGEMENT:

a On September 29, 2014 the Board of Directors of Marico Kaya Enterprises Limited (‘MaKE’), the holding company and the company, have approved the Scheme of Arrangement (‘the Scheme’) for Amalgamation of MaKE with the Company with effect from appointed date April 1, 2014. The Hon’ble High Court of Bombay has approved the Scheme vide its order dated April 18, 2015, and thereafter filed with Registrar of Companies on May 13, 2015. (effective date)

b In terms of the Scheme, all assets, liabilities and reserves of MaKE have been vested with the Company with effect from April 1, 2014 and have been recorded at their respective book values in accordance with the Scheme, under the pooling of interest method as per AS 14 – Accounting for Amalgamation.

c All the inter-company balances between the Company and MaKE as at April 1, 2014 stands cancelled.

d The Company will issue 12,897,100 equity shares of Rs. 10/- each, fully paid-up, of the Company to the holders of Equity shares of Marico Kaya Enterprises Limited whose names will be registered in the register of members on the record date, without payment being received in cash, in the ratio of 1 (one) fully paid-up equity shares of Rs. 10/- each of the Company for every 1 (one) fully paid-up equity shares of Re. 1 held in Marico Kaya Enterprises Limited. Pending issue of such shares as at March 31, 2015, the face value of shares to be issued has been accounted under Share Capital Suspense Account (Refer note 3(a) & 3(b))

e Further, in terms of the Scheme, the existing share capital of the Company of Rs. 1,784.90 lacs was reduced upon the Scheme becoming effective i.e. on May 13, 2015, with corresponding adjustment with securities premium.

f Accordingly, in terms of the Scheme, after giving effect to the aforesaid, the difference has been adjusted against the Securities Premium Account as under :

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

1C Subsidiaries considered in these Consolidated Financial Statements:

(i) List of subsidiary companies:

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Amount in Rs. Lacs)

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

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

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

Note: Negative amounts represent loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

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

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

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

(i) In respect of Subsidiary companies, their financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits / losses on intra-group transactions as per Accounting Standard (AS 21) "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest / appointed date for the Scheme.

(ii) In case of foreign subsidiaries, being Non-Integral Foreign Operations, revenue items are consolidated at the average rate prevailing during the period. All asset and liabilities are converted at the rate prevailing at the end of the period. The resultant translation gains and losses are shown separately as 'Foreign Currency Translation Reserve' under 'Reserves and Surplus'.

(iii) The excess of cost to the Group of its investments in subsidiary companies over its share of equity and reserves of its subsidiary companies at the dates on which investments are made / appointed date pursuant to the Scheme, is recognised in the consolidated financial statements as Goodwill. As at Balance Sheet date, an assessment is done as to whether there is any indication that goodwill on consolidation may be impaired. If any such indication exists, an estimate of the recoverable amount is made. The goodwill on consolidation is impaired when the carrying value exceeds the recoverable amount. The excess of Group's share of equity and reserves of its subsidiary companies over the cost of acquisition is treated as Capital Reserve.

(iv) Minority interests in the net assets of consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.

(v) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

b) Use of Estimates:

The preparation of the consolidated financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans, income taxes, the useful lives and loss on impairment of tangible assets, intangible assets and goodwill on consolidation.

Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

c) Tangible assets, intangible assets and capital work-in-progress:

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset are capitalised until such time as the assets are substantially ready for their intended use. Other pre-operative expenses for major projects are also capitalised, where appropriate.

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

d) Depreciation / amortization:

1) Tangible Assets

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

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

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

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

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

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

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

2) Intangible assets

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

e) Impairment:

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

f) Investments:

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

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

g) Inventories:

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

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

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

h) Revenue recognition:

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

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

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

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

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

i) Retirement and other benefits to employees:

1) Long-term employee benefits

(i) Defined contribution plans

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) Defined benefit plans

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

(iii) Compensated absences

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

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

j) Foreign currency transactions:

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

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

k) Accounting for taxes on income:

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

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

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

l) Assets taken on lease:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

m) Provisions and Contingent Liabilities

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

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

n) Utilisation of Securities Premium Reserve

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

o) Employee Share Based Payments

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

p) Cash and Cash Equivalents

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

q) Earnings Per Share

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

r) Segment Reporting

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Share capital suspense account

(Amount in Rs. Lacs)

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

(c) Reconciliation of number of shares

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

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

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

(e) Shares held by the holding company:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

(g) Shares reserved for issue under options :

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

(Amount in Rs. Lacs)

	As at March 31, 2015	As at March 31, 2014
4. RESERVES AND SURPLUS		
(a) Capital Reserve		
Balance as at the beginning of the year	-	-
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	2,652.82	-
Balance as at the end of the year	2,652.82	-
(b) Securities Premium		
Balance as at the beginning of the year	12,129.77	12,129.77
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	25,767.10	
Less : Adjusted pursuant to the Scheme (Refer Note 1B(f))	16,399.27	
Balance as at the end of the year	21,497.60	12,129.77
(c) Foreign Currency Translation Reserve		
Balance as at the beginning of the year	(905.13)	1,208.14
Exchange gain /(loss) on translation during the year	438.79	(66.21)
Less: Exchange gain /(loss) on sale of DIAL Group (Refer Note 36(a))	-	(2,047.06)
Balance as at the end of the year	(466.34)	(905.13)
(d) Employee Stock Option Outstanding Account (Refer Note 3(g)):		
Balance as at the beginning of the year	-	-
Add: Addition during the year (Refer Note 25)	32.66	-
Balance as at the end of the year	32.66	-
(e) Surplus / (Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(4,728.23)	(8,469.16)
Add : Arising pursuant to the Scheme (Refer Note 1B(f))	5.72	
Profit for the year	3,178.33	3,740.93
Balance as at the end of the year	(1,544.18)	(4,728.23)
	22,172.56	**6,496.41**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

	As at March 31, 2015	As at March 31, 2014
5. LONG–TERM BORROWINGS		
Unsecured:		
Loan from the holding company – Interest free	–	11,320.13
Total	**–**	**11,320.13**

The above loan was given by the holding company to provide long-term funding support to the Company. There were no specific terms of repayment of the loan.

	As at March 31, 2015	As at March 31, 2014
6. DEFERRED TAX LIABILITIES		
Deferred tax liabilities:		
Additional depreciation/amortisation on fixed assets for tax purposes due to higher tax depreciation rates	–	–
Total	**–**	**–**

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

	As at March 31, 2015	As at March 31, 2014
7. LONG-TERM PROVISIONS		
Provision for Gratuity	389.91	407.69
Other provisions:		
- Provision for equalisation of rent expenses (Refer Note (a) below)	382.08	244.73
- Provision for site restoration cost (Refer Note (b) below)	161.50	107.10
Total	**933.49**	**759.52**

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

b) Provision for site restoration cost:

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

	As at March 31, 2015	As at March 31, 2014
Opening	147.90	160.09
Additions	37.40	11.91
Amounts used	-	(24.10)
Balance as at the end of the year	185.30	147.90
Classified as Non-current:	161.50	107.10
Classified as Current:	23.80	40.80
Total	**185.30**	**147.90**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

		As at March 31, 2015	As at March 31, 2014
8.	**TRADE PAYABLES**		
	Trade payables	2,819.36	1,533.15
	Payable to a related party (Refer Note 35)	55.45	196.76
	Total	**2,874.81**	**1,729.91**

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

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

9.	**OTHER CURRENT LIABILITIES**		
	Payable to a related party (Refer Note 35)	-	2.07
	Advances from customers	7,035.83	6,658.06
	Book overdraft	77.28	8.43
	Statutory dues including provident fund and tax deducted at source	167.55	317.31
	Creditors for capital goods	115.71	67.41
	Employee benefits payable	1,236.25	1,007.43
	Relating to Sale of DIAL Group (Refer Note 36(a))	-	1,393.31
	Others	96.34	168.03
	Total	**8,728.96**	**9,622.05**
10.	**SHORT–TERM PROVISIONS**		
	Provision for employee benefits:		
	Gratuity	216.41	80.57
	Leave encashment	518.30	455.00
		734.71	535.57
	Other provisions:		
	Provision for Income tax (Previous year Net of advance tax of Rs. 450.67 lacs))	-	102.06
	Provision for site restoration cost (Refer Note 7(b))	23.80	40.80
	Provision for contingent consideration (Refer Note (a) below)	-	-
	Other Provisions (Refer Note (b) below)	340.36	340.36
	Provision for lease termination cost (Refer Note (c) below)	-	-
	Provision for equalisation of rent expenses (Refer Note (d) below)	171.99	175.83
		536.15	659.05
	Total	**1,270.86**	**1,194.62**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(a) Provision for contingent consideration:

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

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

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

(b) **Other Provisions:**

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

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

c) Provision for lease termination cost:

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

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

(d) Provision for equalisation of rent expenses

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

11. (a) Fixed Assets

(Amount in Rs. Lacs)

	GROSS BLOCK					DEPRECIATION/ AMORTISATION					IMPAIRMENT					NET BLOCK	
	As at April 1, 2014	Additions	Deductions / Adjustments (Refer Note (a) below)	Other adjustments (Refer Note (b) below)	As at March 31, 2015	Upto April 1, 2014	For the year (Refer note (d) below)	Deductions/ Adjustments (Refer Note (a) below)	Other adjustments (Refer Note (b) below)	Upto March 31, 2015	As at April 1, 2014	Charge / (Reversal) for the year (Refer Note (b) below)	Deductions/ Adjustments (Refer Note (a) below)	Other adjustments	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible assets																	
Plant and equipment	10,226.99	2,029.99	778.52	–	11,478.46	6,990.95	787.54	837.07	–	6,941.42	1,196.11	–	3.71	–	1,199.82	3,337.22	2,039.93
Furniture and fixtures (Refer Note (e) below)	4,310.53	386.04	(10.35)	–	4,706.92	2,417.94	230.09	12.85	–	2,635.18	1,156.17	–	18.47	807.05	1,174.64	903.60	736.42
Vehicles	66.48	14.36	50.25	–	30.59	35.82	8.97	25.16	–	19.63	–	–	–	–	–	10.96	30.66
Office equipment	585.04	48.21	27.13	–	606.12	448.63	30.90	37.79	–	441.74	103.82	–	(0.79)	–	103.03	61.35	32.59
Leasehold improvements	391.92	483.92	–	–	875.84	68.34	66.24	–	–	134.58	11.68	–	–	–	11.68	729.58	311.90
Total - A	**15,580.96**	**2,962.52**	**845.55**	**–**	**17,697.93**	**9,961.68**	**1,123.74**	**912.87**	**–**	**10,172.55**	**2,467.78**	**–**	**21.39**	**807.05**	**2,489.17**	**5,042.71**	**3,151.50**
Intangible assets																	
Trademarks and copyrights	1.52	–	–	–	1.52	0.45	–	–	–	0.45	–	–	–	–	–	1.07	1.07
Goodwill (Refer Note (c) below)	–	249.09	(5.52)	–	254.61	–	14.83	(0.33)	–	15.16	–	–	–	–	–	239.45	–
Computer software	249.50	13.36	–	–	262.86	211.92	20.24	–	–	232.16	13.50		–	–	13.50	17.20	24.08
Total - B	**251.02**	**262.45**	**(5.52)**	**–**	**518.99**	**212.37**	**35.07**	**(0.33)**	**–**	**247.77**	**13.50**	**–**	**–**	**–**	**13.50**	**257.72**	**25.15**
Total - A + B	**15,831.98**	**3,224.97**	**840.03**	**–**	**18,216.92**	**10,174.05**	**1,158.81**	**912.54**	**–**	**10,420.32**	**2,481.28**	**–**	**21.39**	**807.05**	**2,502.67**	**5,300.43**	**3,176.65**
As at March 31, 2014	23,560.29	980.44	(7.47)	8,716.22	15,831.98	13,073.00	1,576.78	(22.26)	4,453.47	10,174.05	2,552.93	(119.48)	47.83	–	2,481.28	3,176.65	

Notes:

a) Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 68.26 lacs (Rs. 261.03 lacs)

b) Represents fixed assets pertaining to discontinuing operations of DIAL Group (Refer Note 36(a))

c) During the year, Kaya Middle East FZE acquired a clinic under sale and purchase agreement for an aggregate consideration of Rs. 353.75 lacs (AED 21.25 lacs). The excess of consideration paid over net assets taken over resulted in Goodwill of Rs. 249.09 lacs.

d) Depreciation for the year includes Rs. Nil (Previous year Rs. 629.50 lacs) pertaining to discontinuing operations of DIAL Group (Refer Note 36(a))

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

f) Impairment loss / (reversal) of Rs. Nil (Previous year Rs. (119.48) lacs) is reflected as “Exceptional Item” in the Statement of Profit and Loss. (Refer Note 32)

11. (b) Fixed Assets (Previous Year)

(Amount in Rs. Lacs)

	GROSS BLOCK					DEPRECIATION/ AMORTISATION					IMPAIRMENT			NET BLOCK	
	As at April 1, 2013	Additions	Deductions / Adjustments (Refer Note (a) below)	Other adjustments (Refer Note (b) below)	As at March 31, 2014	Upto April 1, 2013	For the year (Refer note (d) below)	Deductions/ Adjustments (Refer Note (a) below)	Other adjustments (Refer Note (b) below)	Upto March 31, 2014	Upto April 1, 2013	Charge / (Reversal) for the year (Refer Note (b) below)	Deductions/ Adjustments (Refer Note (a) below)	Upto March 31, 2014	As at March 31, 2014
Tangible assets															
Plant and equipment	10,805.87	422.12	10.27	990.73	10,226.99	7,212.90	715.84	(81.13)	856.66	6,990.95	1,294.76	(98.65)	–	1,196.11	2,039.93
Furniture and fixtures (Refer Note (e) below)	4,109.48	257.27	(112.80)	169.02	4,310.53	2,318.66	195.59	61.34	157.65	2,417.94	1,129.00	(20.66)	47.83	1,156.17	736.42
Vehicles	53.31	7.73	(5.44)	–	66.48	24.91	8.41	2.50	–	35.82	–	–	–	–	30.66
Office equipment	626.30	31.97	(6.42)	79.65	585.04	468.94	47.44	8.06	75.81	448.63	110.08	(6.26)	–	103.82	32.59
Leasehold improvements	1,102.25	234.75	106.24	838.84	391.92	647.31	111.54	(13.03)	677.48	68.34	11.68	–	–	11.68	311.90
Total (A)	**16,697.21**	**953.84**	**(8.15)**	**2,078.24**	**15,580.96**	**10,672.72**	**1,078.82**	**(22.26)**	**1,767.60**	**9,961.68**	**2,545.52**	**(125.57)**	**47.83**	**2,467.78**	**3,151.50**
Intangible assets															
Trademarks and copyrights (Refer Note (a) below)	6,535.49	–	–	6,533.97	1.52	2,130.78	475.00	–	2,605.33	0.45	–	–	–	–	1.07
Computer software	327.59	26.60	0.68	104.01	249.50	269.50	22.96	–	80.54	211.92	7.41	6.09	–	13.50	24.08
Total (B)	**6,863.08**	**26.60**	**0.68**	**6,637.98**	**251.02**	**2,400.28**	**497.96**	**–**	**2,685.87**	**212.37**	**7.41**	**6.09**	**–**	**13.50**	**25.15**
Total (A + B)	**23,560.29**	**980.44**	**(7.47)**	**8,716.22**	**15,831.98**	**13,073.00**	**1,576.78**	**(22.26)**	**4,453.47**	**10,174.05**	**2,552.93**	**(119.48)**	**47.83**	**2,481.28**	**3,176.65**

Notes:

a) Trademarks were pending registration.

b) Deductions / adjustment of Gross block, depreciation and provision for impairment includes translation difference of Rs. 261.03 Lacs

c) Represents fixed assets pertaining to discontinuing operations of DIAL Group (Refer Note 36(a))

d) Depreciation for the year includes Rs. 629.50 lacs (Previous year Rs. 766.80 lacs) pertaining to discontinuing operations.

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

f) Impairment loss / (reversal) of Rs. (119.48) lacs (Previous year Rs. 1,001.58 lacs) is reflected as “Exceptional Item” in the Statement of Profit and Loss. (Refer Note 32)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		As at March 31, 2015	As at March 31, 2014
12.	**GOODWILL ON CONSOLIDATION**		
	Balance as at the beginning of the year	5,507.01	21,001.52
	Less: On account of sale of DIAL Group (Refer Note 36(a))	-	(12,520.49)
	Add: Translation difference	407.43	875.98
	Less: Loss on impairment (Refer Notes 32 and 36(b))	-	(3,850.00)
	Total	**5,914.44**	**5,507.01**
13.	**LONG-TERM LOANS AND ADVANCES**		
	(Unsecured and considered good, unless otherwise stated)		
	Capital advances	126.13	30.76
	Security deposits	1,907.82	1,288.57
	Deposits with Government Authorities	56.84	45.95
	Prepaid expenses	396.34	352.46
	Income tax payments (Net of provision for income tax of Rs. 555.00 lacs)	21.18	-
	Total	**2,508.31**	**1,717.74**
14.	**OTHER NON–CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Term deposits with banks with maturity period more than 12 months @	13.82	13.06
	Interest accrued on long-term deposits with banks	1.51	7.16
	Total	**15.33**	**20.22**
	@ Term deposits with banks includes:		
	- Amount deposited with sales tax authorities	0.72	0.72
	- Held as lien by Bank against guarantees issued on behalf of the Company.	13.10	12.34

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

	As at March 31, 2015		As at March 31, 2014
15. CURRENT INVESTMENTS			
(at lower of cost and fair market value)			
Non-trade Short Term Investments:			
Investments in Mutual Funds (Unquoted):			
Peerless Ultra Short Term Fund Super Institutional Growth	-		1,500.00
Nil (10,837,759) Units of Rs. 10 each fully paid			
Reliance Dynamic Bond Fund -Growth Plan		993.64	
Nil (5,996,974) Units of Rs. 10 each fully paid	-		
Less: Provision for diminution in the value of investment		(7.69)	985.95
ICICI Prudential Income-Regular Plan-Growth		500.00	
Nil (1,269,770) Units of Rs. 10 each fully paid			
Less: Provision for diminution in the value of investment	-	(25.32)	474.68
ICICI Prudential Ultra Short Term Regular Plan Growth	-		1,000.00
Nil (7,937,579) Units of Rs. 10 each fully paid			
ICICI Prudential Banking & PSU Debt Fund - Regular Plan-Growth	1,520.60		-
10,058,704 (Nil) Units of Rs. 10 each fully paid			
JP Morgan India Liquid Fund Super Institutional Growth	-		578.07
Nil (3,547,440) Units of Rs. 10 each fully paid			
JP Morgan India Treasury Fund Super Institutional Growth	-		500.00
Nil (3,039,421) Units of Rs. 10 each fully paid			
Kotak Liquid Scheme Plan A Growth	-		1,506.85
Nil (59,510) Units of Rs. 1,000 each fully paid			
Birla Sun Life Cash Plus Fund-Growth-Regular Plan	139.03		338.00
62,182 (165,056) Units of Rs. 100 each fully paid			
JM Money Manager Fund-Super Plus Plan-Growth	-		310.00
Nil (1,741,182) Units of Rs. 10 each fully paid			
HDFC Floating Rate Income Fund-STP-WO-Growth	-		1,506.84
Nil (6,994,605) Units of Rs. 10 each fully paid			
HDFC High Interest Fund-Dynamic Plan-Growth	1,500.00		-
3,125,456 (Nil) Units of Rs. 10 each fully paid			
DWS Ultra Short Term Fund - Institutional Plan - Growth	-		500.00
Nil (3,332,489) Units of Rs. 10 each fully paid			
Baroda Pioneer Treasury Advantage Fund-Plan A-Growth	1,670.89		1,512.75
105,136 (105,172) Units of Rs. 1,000 each fully paid			
Reliance Money Manager Fund -Growth Plan	340.00		500.00
17,801 (29,041) Units of Rs. 1,000 each fully paid			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

	As at March 31, 2015	As at March 31, 2014
SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth 21,139 (51,908) Units of Rs. 1,000 each fully paid	500.00	1,135.30
SBI Treasury Advantage Fund -Regular Plan-Growth 65,550 (Nil) Units of Rs.1,000 each fully paid	1,000.00	-
Sundaram Ultra Short Term Fund-Regular-Growth Nil (871,388) Units of Rs. 10 each fully paid	-	1,500.00
UTI Banking & PSU Debt Fund-Regular Plan -Growth Nil (14,920,029) Units of Rs. 10 each fully paid	-	1,500.00
Principal Debt Opportunities Fund Corporate Bond Plan-Regular Plan Growth 71,815 (Nil) Units of Rs. 1,000 each fully paid	1,500.00	-
Religare Invesco Credit Opportunities Fund-Growth Nil (105,105) Units of Rs. 1,000 each fully paid	-	1,500.00
Religare Invesco Short Term Fund - Growth 89,193 (Nil) Units of Rs. 1,000 each fully paid	1,648.16	-
Reliance Liquid Fund -Treasury Plan-Growth 12,535 (Nil) Units of Rs. 10 each fully paid	425.00	-
Reliance Liquid Fund- Growth 3,815 (Nil) Units of Rs. 1,0000 each fully paid	80.00	-
IDFC Dynamic Bond Fund-Growth-Regular 8,902,923 (Nil) Units of Rs. 10 each fully paid	1,500.00	-
Franklin India Ultra Short Bond Fund - Super Institutional Plan - Growth 8,722,533 (Nil) Units of Rs. 10 each fully paid	1,613.78	-
Tata Short Term Bond Fund-Plan A-Growth 5,818,825 (Nil) Units of Rs. 10 each fully paid	1,500.00	-
Reliance Liquid Fund - Treasury Plan - Daily Dividend 7,427 (Nil) Units of Rs. 1,000 each fully paid	-	-
Reliance Liquid Fund - Treasury Plan - Daily Dividend 7,427 (6,048) Units of Rs. 1,000 each fully paid	252.82	-
Total	**15,190.28**	**16,848.44**
Aggregate amount of unquoted investments (At cost)	**15,190.28**	**16,848.44**
Aggregate amount of unquoted investments (At Net asset value)	**15,354.50**	**17,121.91**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		As at March 31, 2015	As at March 31, 2014
16.	**INVENTORIES**		
	(Refer note 2(g) for basis of valuation)		
	Stores, spares and consumables	1,074.06	750.88
	Raw materials	211.03	72.98
	Packing materials	352.17	241.37
	Work-in-process #	85.48	34.51
	Finished goods #	1,587.80	1,334.86
	Stock-in-trade #	37.72	36.65
	Total	**3,348.26**	**2,471.25**
	# Skin care Products		
17.	**TRADE RECEIVABLES**		
	Unsecured, considered good :		
	Outstanding for a period exceeding 6 months from the date they are due for payment	17.54	17.15
	Others	68.78	19.51
		86.32	36.66
	Unsecured, considered doubtful :		
	Outstanding for a period exceeding 6 months from the date they are due for payment	9.05	9.05
	Others	-	-
		9.05	9.05
	Less : Provision for doubtful debts	9.05	9.05
	Total	**86.32**	**36.66**
18.	**CASH AND BANK BALANCES**		
	Cash and cash equivalents:		
	Cash on hand	159.26	114.10
	Bank balances:		
	In current accounts	2,603.76	975.27
	Demand deposits (less than 3 months maturity)	300.32	326.12
	Total	**3,063.34**	**1,415.49**
19.	**SHORT–TERM LOANS AND ADVANCES**		
	(Unsecured and considered good, unless otherwise stated)		
	Receivable from a Related Party (Refer Note 35)	11.27	1.17
	Advances to suppliers	649.76	566.84
	Balances with Government Authorities	84.71	38.66
	Security deposits	173.71	502.43
	Prepaid expenses	335.05	289.01
	Loans and advances to employees	177.50	178.67
	Total	**1,432.00**	**1,576.78**
20.	**OTHER CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Insurance claims receivable	-	0.85
	Others	92.91	75.41
	Total	**92.91**	**76.26**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		Year ended March 31, 2015	Year ended March 31, 2014
21.	**REVENUE FROM OPERATIONS**		
	Sale of products #	5,045.42	4,637.22
	Sale of services #	28,106.32	24,385.92
		33,151.74	29,023.14
	# Skin care products and services		
	Other operating revenues	75.32	4.29
	Total	**33,227.06**	**29,027.43**
22.	**OTHER INCOME**		
	Interest income on fixed deposits and others	12.24	5.74
	Dividend Income on current investments	16.69	0.29
	Profit on sale of current investments (net)	1,417.96	293.07
	Net gain on foreign currency transactions and translation	2.58	-
	Provision for diminution in the value of current investments written back	33.01	-
	Other non operating income	62.38	48.72
	Total	**1,544.86**	**347.82**
23.	**COST OF MATERIALS CONSUMED**		
	Raw materials consumed	3,171.94	3,065.28
	Packing materials consumed	613.07	431.03
	Total	**3,785.01**	**3,496.31**
24.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK–IN–PROCESS AND STOCK-IN-TRADE**		
	Stock at the end of the year:		
	- Work-in-process	85.48	34.51
	- Finished goods	1,587.80	1,334.86
	- Stock-in-trade	37.72	36.65
	Total (A)	1,711.00	1,406.02
	Stock at the beginning of the year:		
	- Work-in-process	34.51	22.24
	- Finished goods	1,334.86	1,010.57
	- Stock-in-trade	36.65	36.78
	Total (B)	1,406.02	1,069.59
	Changes in inventories (B - A)	**(304.98)**	**(336.43)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		Year ended March 31, 2015	Year ended March 31, 2014
25.	**EMPLOYEE BENEFITS EXPENSES**		
	Salaries, wages and bonus	9,447.19	8,452.23
	Contribution to provident and other funds	189.98	159.68
	Employee stock option charge (Refer Note 3(g))	32.66	-
	Gratuity	189.85	201.57
	Staff welfare expenses	754.05	626.06
	Seconded employee cost	-	728.64
	Total	**10,613.73**	**10,168.18**
26.	**FINANCE COSTS**		
	Interest on borrowings	0.57	14.30
	Others	1.70	2.53
	Total	**2.27**	**16.83**
27.	**OTHER EXPENSES**		
	Consumption of consumables and stores and spare parts	2,193.55	1,784.72
	Contract manufacturing expenses	310.76	227.69
	Payments to consultants	1,567.89	1,438.41
	Electricity expenses	453.52	411.64
	Rent (Refer Note 31)	4,055.46	3,756.45
	Repairs and maintenance:		
	- Plant and machinery	193.64	266.15
	- Building	774.15	696.56
	- Others	173.18	164.01
		1,140.97	1,126.72
	Insurance	57.34	43.56
	Royalty expenses	-	78.08
	Rates and taxes	333.70	181.35
	Travelling, conveyance and vehicle expenses	710.04	636.28
	Legal and professional charges	1,483.14	1,089.95
	Directors' sitting fees	24.13	-
	Printing, stationery and communication expenses	398.01	407.39
	Advertisement and sales promotion	2,349.87	2,251.83
	Bank charges	383.87	412.61
	Freight forwarding and distribution expenses	61.83	40.41
	Provision for doubtful debts	-	5.00
	Net loss on foreign currency transactions and translation	-	28.19
	Provision for diminution in the value of current investments	-	33.01
	Loss on sale / discarding of assets (net)	2.08	53.40
	Miscellaneous expenses	280.48	498.70
	Total	**15,806.64**	**14,505.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		Year ended March 31, 2015	Year ended March 31, 2014
28.	**CONTINGENT LIABILITIES:**		
	Claims against the Company not acknowledged as debts		
	- Income tax matters	14,673.97	1,285.32
	- Sales tax matters	530.35	285.63
	- Service tax matters	221.39	1,729.19
	- Other matters	38.20	37.50
	Total	**15,463.91**	**3,337.64**

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

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

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

29.	**CAPITAL AND OTHER COMMITMENTS**		
	(a) Capital Commitments:		
	Estimated value of contracts in capital account remaining to be executed (net of capital advances)	84.25	12.49
	(b) Other Commitments:		
	Lease termination cost - representing lock-in-period rental under rental agreements	1,093.84	1,451.07
	Total	**1,178.09**	**1,463.56**

30. DERIVATIVE TRANSACTIONS:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31. ADDITIONAL INFORMATION FOR ASSETS TAKEN ON LEASE:

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

(Amount in Rs. Lacs)

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

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

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

(Amount in Rs. Lacs)

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

(a) Relates to discontinuing operations

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

33. EARNINGS PER SHARE

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

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

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

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

34. SEGMENT INFORMATION

(i) Primary Segment:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) Secondary Segment Information:

The Group has identified geographical markets as the Secondary segment:

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

@ Refer Note 36(a)

(Amount in Rs. Lacs)

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

35. RELATED PARTY DISCLOSURES

a) Name of related parties and nature of relationship:

i) Holding company :

Marico Kaya Enterprises Limited (from April 01, 2013 to March 31, 2014)

Marico Limited (up to March 31, 2013)

ii) Key management personnel (KMP) :

Mr. Harsh Mariwala (Chairman and Managing Director)

iii) Enterprises over which KMP have significant influence and transactions have taken place during the year:

Marico Limited (with effect from April 1, 2013)

Marico Middle East FZE

b) Transactions during the year:

(Amount in Rs. Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
Marico Limited		
Rent	64.75	83.98
Reimbursement of expenses incurred for the Group	112.26	1,321.50
Reimbursement of expenses incurred by the Group	22.00	11.82
Purchase of goods	15.62	-
Purchase of fixed assets	-	1.87
Sale of fixed assets	0.62	48.06
Legal and professional charges	47.48	20.79

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

	Year ended March 31, 2015	Year ended March 31, 2014
Corporate guarantee commission	-	68.92
Marico Kaya Enterprises Limited		
Royalty expense	-	78.08
Employees related liabilities transferred	-	102.58
Employees loan balances transferred (net of recovery)	-	16.11
Loan repayment (net)	-	7.51
Marico Middle East FZE		
Rent paid	31.59	41.61
Reimbursement of expenses incurred for the Group	13.94	90.53
Reimbursement of expenses incurred by the Group	23.51	134.59

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

(Amount in Rs.Lacs)

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

*Interest free and without any specified repayment schedule

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

36. INFORMATION RELATING TO THE DISCONTINUING OPERATIONS:

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

(Amount in Rs.Lacs)

	As at March 31, 2015	**As at March 31, 2014**
Total assets	-	-
Total liabilities	-	-

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

(Amount in Rs.Lacs)

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

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

(Amount in Rs.Lacs)

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

37. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 – EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

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

b) Defined contribution plan:

The Company has recognised following amount as expenses (Refer Note 25)

(Amount in Rs. Lacs)

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

c) Defined benefit plans (Gratuity):

(Amount in Rs.Lacs)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

d) Compensated absences:

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

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

(Amount in Rs.Lacs)

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

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

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

As per our attached report of even date.

For Price Waterhouse
Chartered Accountants
Firm Registration Number: 301112E

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

Uday Shah
Partner
Membership No. : 46061

Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Director and Chairman
of Audit and Risk Committee

Mumbai: May 15, 2015

Darmendra B. Jain
Chief Financial Officer

Almas Badar
Company Secretary & Compliens Officer

Mumbai: May 14, 2015

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholder of
KAYA Middle East FZE

Report on the financial statements

We have audited the accompanying financial statements of KAYA Middle East FZE ("the company") which comprise the statement of financial position as at 31 March 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

As set out in Note 2.1 to the financial statements, at 31 March 2015 the company was in breach of Article 17 (N) of the Hamiriyah Free Zone Implementing Rules and Regulations Concerning the Estabilishment of Free Zone Establishments at Hamriyah Free Zone Issued Pursuant to Sharjah Emiri Decree No (6) of 1995 which requires the net assets of the company to be above 75% of the share capital of the company. The parent company has resolved that it is its intention to provide financial support to the company for a period of at least twelve months from the date of the approval of these financial statements, to enable the company both to meet its obligations as they fall due and to carry on its business without significant curtailment of its operations.

Except for the matter described in preceding paragraph, we report that the financial statements of the company comply with the applicable provisions of the Implementing Rules and Regulations issued pursuant to Sharjah Emiri Decree No. 6 of 1995, concerning the formation of Free Zone Establishments in the Hamriyah Free Zone.

PricewaterhouseCoopers
9 June 2015

Douglas O'Mahony
Registered Auditor Number 834
Dubai, United Arab Emirates

BALANCE SHEET

	Note	As at 31 March 2015 AED	As at 31 March 2014 AED
ASSETS			
Non-current asset			
Property, plant and equipment	5	10,892,898	8,326,829
Goodwill		1,496,312	-
		12,389,210	8,326,829
Current assets			
Inventories	6	6,133,186	5,591,721
Trade and other receivables	7	6,981,569	5,827,853
Due from related parties	12	3,002,228	1,568,172
Cash and cash equivalents	8	14,222,093	7,688,310
		30,339,076	20,676,056
Total assets		**42,728,286**	**29,002,885**
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	9	55,050,000	55,050,000
Accumulated losses		(40,691,039)	(53,919,155)
Net equity		14,358,961	1,130,845
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits	10	3,076,108	2,500,261
Current liabilities			
Trade and other payables	11	25,114,165	25,023,287
Due to related parties	12	179,052	348,492
		25,293,217	25,371,779
Total liabilities		28,369,325	27,872,040
Total equity and liabilities		**42,728,286**	**29,002,885**

These financial statements were approved by the Board of Directors on 9 June 2015 and signed on its behalf by:

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Director

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2015 AED	Year ended 31 March 2014 AED
Revenue		95,577,975	83,717,035
Direct costs	13	(53,597,184)	(52,932,264)
Gross profit		41,980,791	30,784,771
Other operating income		74,485	33,211
Expenses			
Selling and marketing expenses	14	(5,509,799)	(5,957,807)
Administrative and general expenses	15	(23,317,361)	(21,287,132)
Profit for the year		13,228,116	3,573,043
Other comprehensive income		–	–
Total comprehensive income for the year		**13,228,116**	**3,573,043**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	AED	AED	AED
At 1 April 2013	55,050,000	(57,492,198)	(2,442,198)
Total comprehensive income for the year	–	3,573,043	3,573,043
At 31 March 2014	55,050,000	(53,919,155)	1,130,845
Total comprehensive income for the year	–	13,228,116	13,228,116
At 31 March 2015	55,050,000	(40,691,039)	14,358,961

STATEMENT OF CASH FLOWS

	Notes	Year ended 31 March 2015 AED	Year ended 31 March 2014 AED
Cash flows from operating activities			
Profit for the year		13,228,116	3,573,043
Adjustments for:			
Depreciation	5	3,031,490	2,765,639
Reversal for slow moving and expired inventory	6	(119,734)	(298,893)
Provision for employees' end of service benefits	10	969,092	1,017,285
(Profit)/loss on sale on disposal of assets	5	(17,823)	94,545
Operating cash flows before payment of employees' end of service benefits and changes in working capital		17,091,141	7,151,619
Payment of employees' end of service benefits	10	(393,245)	(543,274)
Changes in working capital:			
Inventories before provision for slow moving and expired inventory	6	(421,731)	(633,109)
Trade and other receivables	7	(1,153,716)	194,237
Trade and other payables	11	90,878	(869,795)
Due to related parties	12	(169,440)	103,632
Due from related parties	12	(1,434,056)	(1,568,172)
Net cash generated from operating activities		13,609,831	3,835,138
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5,679,343)	(659,863)
Goodwill acquired during the year		(1,496,312)	-
Proceeds from disposal of assets		99,607	19,124
Net cash used in investing activities		(7,076,048)	(640,739)
Net increase in cash and cash equivalent		6,533,783	3,194,399
Cash and cash equivalents at beginning of year		7,688,310	4,493,911
Cash and cash equivalents at end of year	8	**14,222,093**	**7,688,310**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1 General information

KAYA Middle East FZE ("the company") was incorporated in Sharjah Hamriyah Free Zone on 25 December 2005 as a Free Zone Company with limited liability pursuant to Emirate Decree No 6 of 1995 of H. H. Sheikh Dr. Sultan Bin Mohammed Al-Qassimi, Ruler of Sharjah. The principal place of business is P.O. Box 41756, Sharjah, UAE.

The company is engaged in the business of providing products and services in the area of skin care treatment and aesthetics and import, export, trading in skin care machinery, consumables and products and providing related services.

These financial statements include assets, liabilities and the result of operations of skin care clinics operating in the United Arab Emirates, Sultanate of Oman and Kingdom of Saudi Arabia under the local sponsorship arrangements.

The company is a wholly owned subsidiary of "KME Holdings Pte Limited", a company registered in Singapore. The ultimate parent company is "Kaya Limited", a company registered in India.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Going concern

The company's financial statements have been prepared on a going concern basis. As at 31 March 2015, the company had accumulated losses of AED 40,691,039 (2014: AED 53,919,155). Consequently, at 31 March 2015 the company was in breach of Article 17 (N) of the Hamiriyah Free Zone Implementing Rules and Regulations Concerning the Estabilishment of Free Zone Establishments at Hamriyah Free Zone Issued Pursuant to Sharjah Emiri Decree No (6) of 1995 which requires the net assets of the company to be above 75% of the share capital of the company.

The parent company has confirmed its intention to provide support to the company to enable it to meet its liabilities as they fall due, as well as to carry on its business without significant curtailment of its operations. Accordingly, these financial statements have been prepared on a going concern basis.

2.2 Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) New and amended standards adopted by the company

The following standards have been adopted by the company for the first time for the financial year beginning on or after 1 April 2014:

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. (effective from 1 January 2014); and
- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. (effective from 1 January 2014).
- IAS 39 Financial instruments 'Financial instruments; Recognition and measurement' (effective 1 January 2014).

These amendments do not have a significant impact on the financial statements of the company.

(b) *Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the company*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company.

- IAS 16 and IAS 38 (Amendments), 'Property, plant and equipment' and 'Intangible assets', on depreciation and amortisation, (effective on or after 1 January 2016);
- IAS 16 and IAS 41 (Amendments), 'Property, plant and equipment' and 'Agriculture', on bearer plants (effective on or after 1 January 2016);
- IFRS 9 (Amendments), 'Financial instruments', (effective on or after 1 January 2018); and
- IFRS 15, 'Revenue from contracts with customer' (effective on after 1 January 2017).

There are no other IFRSs that are not yet effective that would be expected to have a material impact on the company.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in United Arab Emirates Dirhams ("AED") which is the company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into AED using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. The historical cost of equipment includes expenditure that is directly attributable to the acquisition of assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives, as follows:

	Years
Furniture and fixtures	3 – 7
Machinery and equipment	2 – 7
Office equipment	2 – 7
Motor vehicles	5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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 (Note 4).

Capital work-in-progress is not depreciated. This will be depreciated as per company policy from the date the relevant assets are ready for use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.5 Goodwill

Goodwill arises on the acquisition of clinics and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. If the total of consideration transferred is less than the fair value of the net assets of the clinics acquired, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6 Impairment of non-financial assets

Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Inventories

Inventories comprise spare parts and consumables. Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.8 Financial assets

2.8.1 Classification

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The company classifies its financial assets as loans and receivables. Where permitted, financial assets are reclassified between categories if there is a change in management's intent regarding the future use of the financial asset.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' (excluding advances and prepayments), due from related parties and cash and bank balances in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

2.8.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using effective interest method.

2.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8.4 Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.9 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, balances in current and deposit accounts with original maturity of less than or equal to three months.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Provision for employee benefits

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the statement of financial position date. A provision is also made, using actuarial techniques, for the full amount of end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the statement of financial position date. The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to employees' end of service benefits is disclosed as a non-current liability.

2.13 Trade payables and provisions

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions 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 has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of discounts and returns. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Sales of goods

Revenue from sales of goods are recognised when the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the risks and rewards have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Rendering of services

Revenue from the rendering of services is recognised when the company has provided the services to the customer.

2.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3 Financial risk management

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

(a) Market risks

(i) Foreign exchange risk

The company is exposed to foreign exchange risk mainly on its transactions denominated in a currency other than the functional currency of the company.

The company does not have a significant foreign currency risk exposure since the majority of the transactions are denominated in AED, Omani Rial, Saudi Riyal or US Dollars and AED, Omani Rial, Saudi Riyal are currently pegged with the US Dollar.

(ii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The company is not exposed to risk of changes in fair value or future cash flows of a financial instrument that will fluctuate because of changes in market prices as it does not hold any investments. The company is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

At 31 March 2015 and 2014, the company was not exposed to cash flow interest rate risk as it did not have any financial assets or liabilities carrying variable interest rates.

(b) Credit risk

Credit risk is the risk that the counter party will cause a financial loss to the company by failing to discharge an obligation. Credit risk mainly arises from bank balances, trade and other receivables (excluding advances and prepayments) and due from related parties.

Credit risk arises from bank balances as well as credit exposures to customers, including outstanding receivables and committed transactions. Bank balances are with reputable banks. Significant bank balances are with the banks having the following credit ratings as per Moody's Investor Services.

		31 March 2015	**31 March 2014**
		AED	**AED**
Bank	**Credit rating**		
A	Baa2	5,920,079	2,389,710
B	A1	7,854,862	5,030,383
		13,774,941	7,420,093

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The company relies mainly on funding from the parent company.

The company's financial liabilities comprise of trade and other payables (excluding advances from customers) and due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

3.2 Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the company issue new shares or sell assets to reduce debt.

The parent company has confirmed its intention to continue to provide the financial support to the company for a period of at least twelve months from the date of signing of these financial statements to enable the company both to meet its obligations as they fall due and to carry on its business without a significant curtailment of its operations.

3.3 Fair value estimation

At 31 March 2015 and 2014, the fair values of the financial assets and liabilities of the company approximated their carrying values as reflected in these financial statements.

4 Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Provision of slow moving and expired inventory

The provision reflects estimates of slow moving and expired inventory. The charge is based on the ageing of the inventory items, technological obsolescence, present conditions of items and the historical experience of business. Changes to the estimated provisions may be required if the demand for slow moving items increases or decreases or a firm commitment from a customer has been received.

(b) Impairment of property, plant and equipment and goodwill

Impairment of non-financial assets is a key area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of the impairment reviews. The key assumptions on which management has based its cash flow projections when determining the recoverable amount of the assets are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long term period of four to seven years.
- The discount rates applied to cash flows are based on the company's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate. The weighted average cost of capital is 10%.
- Year on year growth rate assumptions are based on a conservative view of the long-term rate of growth. The year on year growth rate of revenue is 6% in the first and second year, 5% in the third and fourth year and then 4% thereafter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

- Average useful life of the leasehold improvements in clinics is 7 years.

Had the year on year growth rate been 5%, the company would not have recorded any charge or reversal of impairment (2014: impairment charge of AED 636,000) and there would not have been any impact on the profit for the year (2014: profit would have been lower by AED 636,000). Similarly, had the discount rate been higher by 1%, then no impairment charge or reversal would have been recorded (2014: impairment charge of AED 86,000) and there would not have been any impact on the profit for the year (2014: profit would have been lower by AED 86,000).

5 Property, plant and equipment

	Furniture and fixtures	Machinery and equipment	Office equipment	Motor vehicles	Capital work in progress	Total
	AED	AED	AED	AED	AED	AED
Cost						
At 1 April 2013	15,725,871	15,789,587	769,359	360,708	4,516	32,650,041
Additions	12,783	443,986	71,102	46,992	85,000	659,863
Disposals	(144,345)	(89,655)	(4,406)	–	(4,514)	(242,920)
At 31 March 2014	15,594,309	16,143,918	836,055	407,700	85,002	33,066,984
Additions	378,886	4,947,522	256,200	86,265	10,470	5,679,343
Disposals	–	(261,205)	(53,000)	–	–	(314,205)
Transfers	85,000	–	–	–	(85,000)	–
At 31 March 2015	**16,058,195**	**20,830,235**	**1,039,255**	**493,965**	**10,472**	**38,432,122**
Accumulated depreciation						
At 1 April 2013	12,323,310	8,969,021	642,881	168,555	–	22,103,767
Charge for the year	863,749	1,765,913	84,853	51,124	–	2,765,639
Disposals	(93,315)	(33,226)	(2,710)	–	–	(129,251)
At 31 March 2014	13,093,744	10,701,708	725,024	219,679	–	24,740,155
Charge for the year	885,411	2,047,446	76,295	22,338	–	3,031,490
Disposals	–	(179,421)	(53,000)	–	–	(232,421)
At 31 March 2015	**13,979,155**	**12,569,733**	**748,319**	**242,017**	**–**	**27,539,224**
Net book value:						
At 31 March 2015	**2,079,040**	**8,260,502**	**290,936**	**251,948**	**10,472**	**10,892,898**
At 31 March 2014	2,500,565	5,442,210	111,031	188,021	85,002	8,326,829

Allocation of depreciation expense	**2015**	**2014**
	AED	**AED**
Charged to direct cost (Note 13)	2,903,200	2,617,130
Charged to administrative and general expenses (Note 15)	128,290	148,509
Total	**3,031,490**	**2,765,639**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6 Inventories

	2015 AED	2014 AED
Consumables	6,844,397	6,422,666
Less: provision for expired inventories	(711,211)	(830,945)
	6,133,186	**5,591,721**

The cost of inventories recognised as an expense and included in 'direct costs' amounted to AED 15,029,289 (2014: AED 14,912,117).

Movement in the provision for expired inventories is as follows:

	2015 AED	2014 AED
Opening provision	830,945	1,129,838
Reversal of provision	(119,734)	(298,893)
	711,211	**830,945**

7 Trade and other receivables

	2015 AED	2014 AED
Trade receivables	242,935	485,185
Advances	1,736,993	966,375
Prepayments	3,270,646	2,924,030
Deposits	1,730,995	1,452,263
	6,981,569	**5,827,853**

As at 31 March 2015, trade receivables of AED 242,935 (2014: AED 485,185) are fully performing.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The company does not hold any collateral as security.

The carrying amounts of trade and other receivables are mainly denominated in AED.

8 Cash and cash equivalents

	2015 AED	2014 AED
Cash on hand	447,152	268,217
Bank balances in current accounts	13,774,941	7,420,093
Cash and bank balances	**14,222,093**	**7,688,310**

9 Share capital

	AED	AED
Issued and paid up:		
367 shares of AED 150,000 each (2014: 367 shares of AED 150,000 each)	**55,050,000**	**55,050,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

10 Provisions for the employees' end of service benefits

	2015 AED	2014 AED
Opening balance	2,500,261	2,026,250
Provision for the year (Note 17)	969,092	1,017,285
Paid during the year	(393,245)	(543,274)
Closing balance	**3,076,108**	**2,500,261**

In accordance with the provisions of IAS 19 (revised), management has carried out an exercise to assess the present value of its obligations at 31 March 2015, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE labour laws. Under this method, an assessment has been made of an employee's expected service life with the company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 5% (2014: 5%). The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.15% (2014: 4.48%).

11 Trade and other payables

	2015 AED	2014 AED
Trade payables	5,142,292	3,718,132
Accruals	5,869,293	6,189,800
Advances received from customers	14,102,580	15,115,355
	25,114,165	**25,023,287**

12 Related parties

Related parties include the shareholder, the ultimate parent company, key management personnel, associates, directors and businesses which are controlled directly or indirectly by the shareholder, the ultimate parent company or directors or over which they exercise significant management influence (hereinafter referred to as "affiliates"). At the reporting date significant balances with related parties were as follows:

	2015 AED	2014 AED
Due to related parties	179,052	348,492
Due from related parties	**3,002,228**	**1,568,172**

Significant transactions entered into at mutually agreed terms with related parties during the period were as follows:

	2015 AED	2014 AED
Advance to affiliate	2,936,000	1,561,025
Purchases of goods and services from affiliates	**547,916**	**511,457**
Key management personnel compensation		
Salaries and benefits	1,624,862	1,434,021
End of service benefits	16,100	214,750
	1,640,962	1,648,771
Recharge of expenses to parent company	–	16,698
Recharge of expenses by an affiliate	177,930	68,158
Rent payment to the affiliate	**189,750**	**253,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

13 Direct costs

	2015 AED	2014 AED
Staff costs (Note 16)	28,121,638	27,213,980
Consumables and stores consumed (Note 6)	15,029,289	14,912,117
Operating lease expenses	6,401,413	6,418,047
Depreciation (Note 5)	2,903,200	2,617,130
Repair and maintenance costs	1,256,925	1,920,915
Freight	4,453	148,968
Reversal for slow moving and expired inventory	(119,734)	(298,893)
	53,597,184	**52,932,264**

14 Selling and marketing expenses

This includes the advertising expenses incurred on the different marketing schemes of the company.

15 Administrative and general expenses

	2015 AED	2014 AED
Staff costs (Note 16)	9,851,994	10,283,171
Legal and professional charges	6,487,080	4,730,457
Travelling expenses	1,378,057	1,271,721
Bank charges	1,211,982	1,027,984
License fee	981,255	620,266
Rent	480,000	434,832
Laundry charges	300,250	326,438
Training and seminar expenses	237,255	201,841
Depreciation (Note 5)	128,290	148,509
Postages and courier	56,297	77,008
Other costs	2,204,901	2,164,905
	23,317,361	**21,287,132**

16 Staff costs

	2015 AED	2014 AED
Salaries and benefits	37,004,540	36,479,866
End of service benefits (Note 10)	969,092	1,017,285
	37,973,632	**37,497,151**
Staff costs are allocated as below:		
Direct costs (Note 13)	28,121,638	27,213,980
General and administrative expenses (Note 15)	9,851,994	10,283,171
	37,973,632	37,497,151

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

17 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables	
	2015	**2014**
	AED	**AED**
Financial assets		
Trade and other receivables (excluding prepayments and advances)	1,973,930	1,937,448
Due from related parties	3,002,228	1,568,172
Cash and cash equivalents	14,222,093	7,688,310
	19,198,251	**11,193,930**

	Other financial liabilities at amorstised cost	
	2015	**2014**
	AED	**AED**
Financial liabilities		
Trade and other receivables (excluding prepayments and advances)	11,166,067	9,907,932
Due from related parties	179,052	348,492
	11,345,119	**10,256,424**

18 Operating lease commitments

The company has entered into non-cancellable operating leases for rentals. The total of the future lease payments is as follows:

	2015	**2014**
	AED	**AED**
Not later than one year	6,202,677	5,421,500
Between one and five years	10,677,395	4,442,610
	16,880,072	**9,864,110**

NOTES

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