

Price Waterhouse

Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Kaya Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of Kaya Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entity (refer Note 1C to the attached Consolidated Financial Statements), comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 including its jointly controlled entity 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 and of its and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and jointly controlled entity respectively 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, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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



Price Waterhouse, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex, Gate No. 3, Western Express Highway, Goregaon East, Mumbai – 400 063
T: +91 (22) 61198000

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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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor 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 and its jointly controlled entity as at March 31, 2016, 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. 8,947.64 lacs and net assets of Rs. 2,460.07 lacs as at March 31, 2016, total revenue of Rs. 18,281.46 lacs, net profit of Rs. 1,861.18 lacs and net cash flows amounting to Rs. 1,615.33 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditor whose report has 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 this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the Consolidated Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.



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Report on Other Legal and Regulatory Requirements

9. 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 and the reports of the other auditor.
 - (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 31st March, 2016 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, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group and the jointly controlled entity – Refer Note 10 and Note 28(a) to the Consolidated Financial Statements.
 - ii. The Group and jointly controlled entity had long-term contracts as at March 31, 2016 for which there were no material foreseeable losses. The Group and the jointly controlled entity does not have any derivative contracts as at March 31, 2016.



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- 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, 2016.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 26, 2016

Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Kaya Limited on the consolidated financial statements for the year ended March 31, 2016

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

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Kaya Limited (hereinafter referred to as "the Holding Company"), which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Price Waterhouse

Chartered Accountants

Annexure A to Independent Auditors' Report

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Kaya Limited on the consolidated financial statements for the year ended March 31, 2016

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 26, 2016

KAYA LIMITED

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016

(Rs. in Lacs)

Particulars	Quarter ended March 31, 2016	Quarter ended December 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Part I				
1 Income from operations				
a Net Sales/Income from operations	10,202.57	9,523.93	36,984.70	33,151.74
b Other Operating Income	5.28	-	5.28	75.32
Total Income from operations (net)	10,207.85	9,523.93	36,989.98	33,227.06
2 Expenses				
a Cost of materials consumed	1,345.11	1,402.91	4,585.07	3,785.01
b Purchase of stock in trade	104.45	1.90	151.95	52.33
c Change in inventory of finished goods, work in progress and stock in trade (Increase)/ decrease	(293.46)	(451.03)	(806.00)	(304.98)
d Employee benefits expenses	3,541.42	3,324.40	12,867.60	10,613.73
e Depreciation and amortisation expense	498.51	425.90	1,694.12	1,158.81
f Rent	1,241.33	1,208.51	4,730.98	4,055.46
g Other expenses	3,941.06	3,543.34	14,121.90	11,751.18
Total Expenses	10,378.42	9,455.93	37,345.62	31,111.54
3 Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(170.57)	68.00	(355.64)	2,115.52
4 Other Income	309.97	281.03	1,243.37	1,544.86
5 Profit from ordinary activities before finance cost and exceptional items (3+4)	139.40	349.03	887.73	3,660.38
6 Finance Costs	0.98	0.83	1.98	2.27
7 Profit from ordinary activities after finance costs but before exceptional items (5-6)	138.42	348.20	885.75	3,658.11
8 Exceptional Items - expense / (income) (Refer Note 6)	-	-	-	479.78
9 Profit from ordinary activities before tax (7-8)	138.42	348.20	885.75	3,178.33
10 Tax expenses / (credit)	-	-	-	-
11 Net Profit from ordinary activities after tax (9-10)	138.42	348.20	885.75	3,178.33
12 Extraordinary Item (net of tax)	-	-	-	-
13 Net Profit for the period / year (11-12)	138.42	348.20	885.75	3,178.33
14 Share of Profit/(Loss) of associates	-	-	-	-
15 Minority Interest	5.98	-	5.98	-
16 Net Profit after taxes, minority interest and share of profit/(loss) of associates (16=13-14-15)	132.44	348.20	879.77	3,178.33
17 Paid up Equity Share Capital (Face value Rs. 10 per share)	1,289.71	1,289.71	1,289.71	1,289.71
18 Reserves excluding Revaluation Reserves (as per audited Balance Sheet)			23,840.38	22,172.56
19 Earning Per Share (EPS) Not Annualised (In Rs.)				
i EPS before Extraordinary items for the period / year				
a Basic	1.03	2.70	6.82	24.64
b Diluted	0.79	2.44	5.94	23.59
ii EPS after Extraordinary items for the period / year				
a Basic	1.03	2.70	6.82	24.64
b Diluted	0.79	2.44	5.94	23.59



KAYA LIMITED**NOTES TO THE STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016**

1. The information presented for the year ended March 31, 2016 is extracted from the audited financial statements for the year ended March 31, 2016. The said financial statement and results for the year ended March 31, 2016 were reviewed by the audit committee and approved by the Board of Directors at their meeting held on May 26, 2016 and are available on the Company's website - <http://www.kaya.in>.
2. The audited Standalone financial results are available on the Company's website - <http://www.kaya.in> and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).
3. The Consolidated financial results for the quarter and year ended March 31, 2016 comprise results of Kaya Limited, its subsidiaries, step down subsidiaries in Singapore and UAE and a joint Venture of its subsidiary in Kuwait. All the aforesaid entities are collectively called 'Kaya Limited' or 'the Group'.
4. The Group has only one reportable segment- "Skin Care Business"- in terms of Accounting Standard 17 "Segment Reporting" mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006.
5. On September 29, 2014 the Board of Directors of Marico Kaya Enterprises Limited ('MaKE'), the erstwhile holding company and the Company, had 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 had approved the Scheme vide its order dated April 18, 2015, and thereafter was filed with Registrar of Companies on May 13, 2015 (effective date). In terms of the Scheme, all assets, liabilities and reserves of MaKE were vested with the Company with effect from April 1, 2014 and were recorded at their respective book values in accordance with the Scheme, under the pooling of interest method as per AS 14 – Accounting for Amalgamation.

The Company had issued 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 were registered in the register of members on the record date i.e. May 27, 2015, 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. 10 held in Marico Kaya Enterprises Limited.

6. "Exceptional Items" comprise the following.

Particulars	<i>(Rs. In Lacs)</i>			
	For the quarter ended March 31, 2016	For the quarter ended December 31, 2015	For the Year ended March 31, 2016	For the year ended March 31, 2015
	(Audited)	(Audited)	(Audited)	(Audited)
Payment for termination of Sale and Purchase Agreement (Refer note 7 below)	--	--	--	(479.78)
Total Expenses	--	--	--	(479.78)

(Handwritten Signature)



KAYA LIMITED**NOTES TO THE STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016**

7. The Group had expressed its intention to sell majority of its stake in one of its subsidiary Kaya Middle East FZE ('KME') during the year ended March 31, 2014. However, during the quarter ended September 30, 2014, KME Holdings Pte Limited (Holding Company of KME) and prospective buyer were unable to agree on all terms and consequently, KME Holdings Pte Limited arrived at an amicable settlement by paying Rs. 479.78 lacs.
8. Following are the particulars of the Company (on a standalone basis) :

(Rs. in Lacs)

Particulars	For the quarter ended March 31, 2016	For the quarter ended December 31, 2015	For the Year ended March 31, 2016	For the year ended March 31, 2015
	(Audited)	(Audited)	(Audited)	(Audited)
Turnover	4,990.70	4,794.73	18,531.93	17,332.25
Profit / (Loss) before tax	(249.56)	(183.99)	(862.42)	1,546.80
Profit / (Loss) after tax	(249.56)	(183.99)	(862.42)	1,549.07

9. The Board of Directors of the Company had granted 135,771 stock options to certain eligible employees pursuant to the Kaya Limited Employee Stock Option Scheme 2014 and Kaya Limited Employee Stock Option Scheme 2014 (Kaya Middle East 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.

Further, during the year ended March 31, 2015 Kaya Middle East FZE Employees Stock Option Scheme 2014 (KME FZE), was approved containing 22 options, to an eligible employee (one stock option is represented by one equity share of Kaya Middle East FZE). These stock options were granted to the eligible employee on December 1, 2014.

10. The consolidated un-audited financial results for the quarter ended March 31, 2016 are drawn for the first time in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and hence comparative figures for the quarter ended March 31, 2015 have not been provided.
11. Kaya Middle East, DMCC, a foreign subsidiary of Kaya Limited, along with its local partner has acquired additional 10% of beneficial interest in Iris Medical Centre LLC situated at Abu Dhabi (IRIS). Through Memorandum of Association and Assignment of shares of IRIS, on March 24, 2016, Kaya Middle East DMCC now holds 85% beneficial interest in IRIS.
12. Kaya Middle East, DMCC, a foreign subsidiary of the Company has entered into a Joint Venture Agreement dated January 28, 2016 with AL BEDA MEDICAL SERVICES K.S.C.C., Kuwait, ("AL BEDA") to set up and operate a dermatology clinic. The interest of AL BEDA and KME, DMCC in the joint venture is in the ratio of 51% and 49% respectively.



KAYA LIMITED

NOTES TO THE STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016

13. The figure of the last quarter ended March 31, 2016 and March 31, 2015 are the balancing figure between the audited figure in respect of the full financial year and the published year to date figure up to the 3rd quarter of the relevant financial year.
14. Previous year/ period figures have been regrouped / reclassified to make them comparable with those of current year / period.

Place: Mumbai

Date: May 26, 2016



Harsh Mariwala

Chairman and Managing Director

KAYA LIMITED

(Rs. in Lacs)

STATEMENT OF ASSETS AND LIABILITIES - CONSOLIDATED

Particulars	As at	
	March 31, 2016 (Audited)	March 31, 2015 (Audited)
A EQUITY & LIABILITIES		
1 Shareholder's funds		
(a) Share Capital (Refer Note 5)	1,289.71	-
(b) Share Capital Suspense Account (Refer Note 5)	-	1,289.71
(c) Reserves and Surplus	23,840.38	22,172.56
Sub-total Shareholder's Funds	25,130.09	23,462.27
2 Minority Interest	47.23	-
3 Non- current liabilities		
(a) Long-term provisions	1,158.05	933.49
(b) Other long term liabilities	99.20	-
Sub-total Non Current Liabilities	1,257.25	933.49
4 Current Liabilities		
(a) Trade Payables	3,763.00	2,874.81
(b) Other Current Liabilities	9,211.25	8,728.96
(c) Short-term provisions	1,243.16	1,270.86
Sub-total Current Liabilities	14,217.41	12,874.63
TOTAL EQUITY AND LIABILITIES	40,651.98	37,270.39
B ASSETS		
1 Non Current Assets		
(a) Fixed Assets	8,166.59	5,619.20
(b) Goodwill on Consolidation	7,006.17	5,914.44
(c) Long term loans and advances	2,403.48	2,196.35
(d) Other non current assets	16.70	15.33
Sub-total Non Current Assets	17,592.94	13,745.32
2 Current Assets		
(a) Current Investments	8,823.65	15,190.28
(b) Inventories	5,294.26	3,348.26
(c) Trade Receivables	147.83	44.99
(d) Cash and Bank Balances	2,777.79	2,763.02
(e) Short term loans and advances	5,887.79	2,044.28
(f) Other Current Assets	127.72	134.24
Sub-total Current Assets	23,059.04	23,525.07
TOTAL ASSETS	40,651.98	37,270.39


