



kaya™



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## KEY HIGHLIGHTS OF FY 19

### Net Revenue

₹ **42,038** Lakh

5% growth y-o-y

### EBITDA

₹ **1,525** Lakh

Turned profitable





# Kaya at a glance

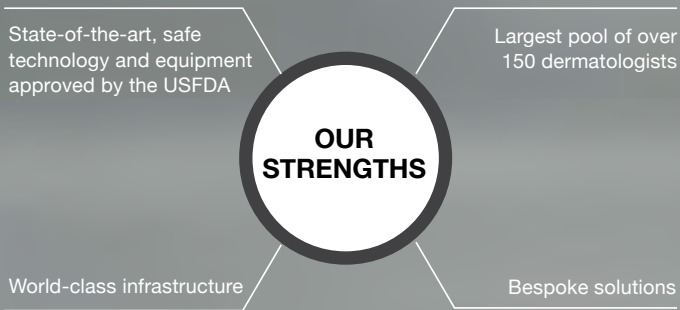


**Incorporated in 2003 as a wholly-owned subsidiary of Marico Limited, Kaya Limited (Kaya) is a leading specialty skin and hair care solutions provider in India and the Middle East UAE, Kingdom of Saudi Arabia (KSA) Oman. Kaya was demerged from Marico Limited in September 2013 and was listed separately on the bourses thereafter.**

We, at Kaya, deliver holistic, bespoke skin, hair and body care solutions through our Kaya Clinics (97 in India and 23 in the Middle East) and product retail outlets / touch points (500+ in India). We are the pioneers in providing products and services backed by expert dermatologists and combine state-of-the-art medical technologies. We are the largest international chain of skincare clinics in the Middle East.

We provide solutions in the areas of acne / acne-scar reduction, pigmentation, anti-ageing, laser hair reduction, hair fall, hair transplant and dandruff, among others. Our hair care solutions are designed based on a holistic approach that works on all three dimensions of hair - scalp, roots and shaft. The Kaya hair care portfolio spans the entire spectrum, from advanced dermatological solutions to hair health-boost system, for both men and women. We have also built a diverse suite of regular beauty enhancement and maintenance services. Through our range of over 80+ skin and hair care products, we cater to the daily needs as well as specific concerns of our customers.

Our product retail business comprises sales in-clinic, shop-in-shops in departmental stores and modern and general trade. In FY 19, we shifted our emphasis from capital-intensive formats, such as own stores shop-in-shops, to a widespread distribution network across general and modern trade channels. Our products are sold on leading e-commerce portals such as Nykaa, Amazon, Jabong and Myntra on our own website shop.kaya.in. The e-commerce channel is ramping up rapidly for us and now contributes to 22% of our total revenue from retail products.





## OUR HAIR CARE OFFERINGS



## OUR RETAIL PRODUCTS



# Our presence

## INDIA

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**16**  
INDIAN STATES

**26**  
CITIES

**97**  
CLINICS

**500+**  
PRODUCT RETAIL OUTLETS

## MIDDLE EAST

### UAE



### KSA



### OMAN



**3**  
COUNTRIES

**9**  
CITIES

**23**  
CLINICS

# Message from the Chairman

## DEAR SHAREHOLDERS,

I am glad to share with you our Company's Annual Report for FY 19, a landmark year for us. We turned profitable at the EBITDA level as a result of our continued emphasis on delivering high-quality products and services with a strong focus on growth, in both India and the Middle East. This would not have been possible without the unwavering trust, love and support of our esteemed patrons.

Kaya is a pioneer in aesthetic dermatology in India and the Middle East and has been delighting its clients over the past 15 years. We continue to offer bespoke beauty solutions that promise the highest standards of safety, efficacy and value. With presence in 26 cities, we have emerged as the largest dermatology chain in India, and are also the largest international chain of skincare clinics in the Middle East region (across the UAE, The KSA and Oman). Our strong positioning provides us with an immense potential to scale up our reach and serve a variety of customers.

It is our constant endeavour to innovate and stay relevant to our customers by maintaining a close connect to the emerging changes around their needs and preferences. We respond to these trends swiftly and offer products catering to both the latent as well as emerging needs of the consumers under the guidance of our in-house research team of expert dermatologists.

There is a significant growth seen in specialist beauty products featuring organic and natural plant-based ingredients. Kaya made its journey towards the Naturals segment with Kaya Derma Naturals portfolio of products such as Facial Sheet Masks and Peel-off Masks with the proposition, 'Conceived by nature, Crafted by science's.

We also leveraged our dermatological credentials and built a strong Hair Care products portfolio in the last one year by addressing the most essential need of hair fall, volume and dandruff control by building a regime that gives high efficacy.

Our beauty solutions have new-age beauty ingredients and technologies embedded in them. During the year under review, we introduced multiple innovative products, services and treatments to help our customers fulfil a wide array of beauty goals. These innovations cover the

“

**Kaya is a pioneer in aesthetic dermatology in India and the Middle East and has been delighting its clients over the past 15 years. We continue to offer bespoke beauty solutions that promise the highest standards of safety, efficacy and value.**

“

**There is a significant growth seen in specialist beauty products featuring organic and natural plant-based ingredients.**





**We have also continued to invest behind upgrading our infrastructure by renovating 21 clinics in India and relocating six in the Middle East to align them with global standards. We have also relocated some of our clinics strategically across both India and the Middle East to enhance overall customer experience and improve our brand visibility as well as presence.**

entire gamut of beauty concerns such as anti-ageing, hair fall and dull skin, to name a few.

We have also continued to invest behind upgrading our infrastructure by renovating 21 clinics in India and relocating six in the Middle East to align them with global standards. We have also relocated some of our clinics strategically across both India and the Middle East to enhance overall customer experience and improve our brand visibility as well as presence.

Going forward, we will continue with our endeavour to achieve healthy revenue growth as well as improving profitability. We enjoy a prominent positioning and brand value in most of our business segments, which acts as a major source of strength for us. Beauty is one of the fastest growing consumer segments in India and with the economy set to expand, opportunities are expected to grow.

We have identified a number of segments that offer a high potential of future growth. These include hair care, laser hair removal, body solutions, skin brightening and retail products. We have crafted detailed strategies on how to invest, build and fortify each of these business segments.

Key to our strategy is improving our product distribution network across physical and e-commerce channels, cross-selling our solutions, a consistent push for product innovation and exploring inorganic growth opportunities in India.

I am hopeful that our proven track record, backed by the strength of our brand, our dedicated talent pool, and ultimately, our strong connect with our patrons will play a pivotal role in achieving our objectives. As we move forward on this exciting journey, we are committed to creating value for all our stakeholders, including our customers, people, channel partners and the society at large.

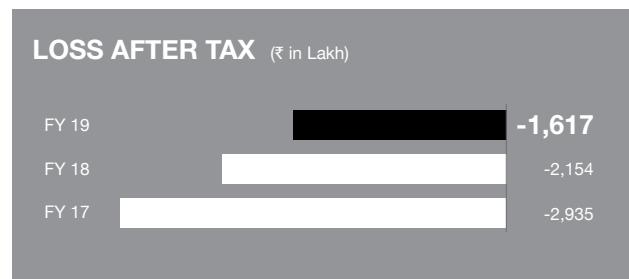
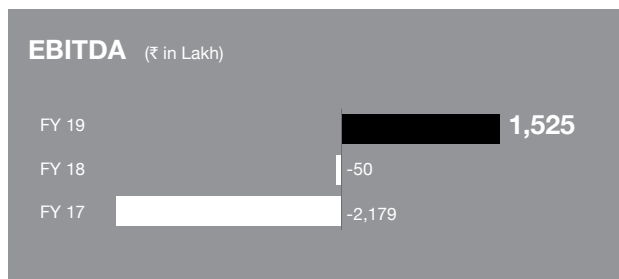
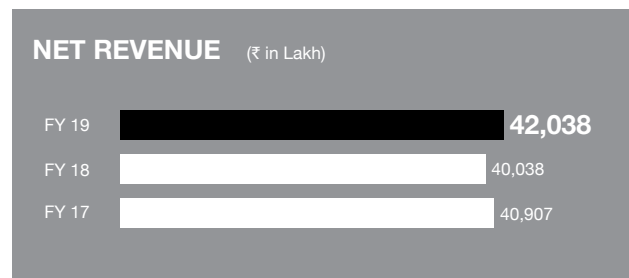
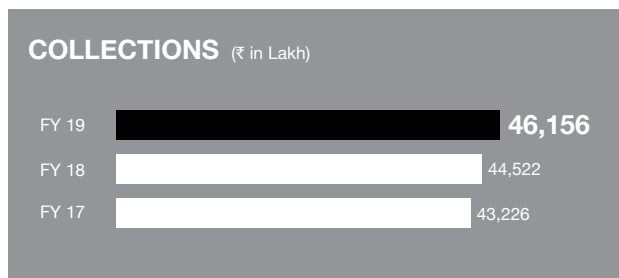
Before I conclude, I would like to extend my heartfelt gratitude to each and every member of team Kaya for their relentless efforts and dedication to the Company, as well as to our stakeholders' continued support and belief in us.

Best Regards,

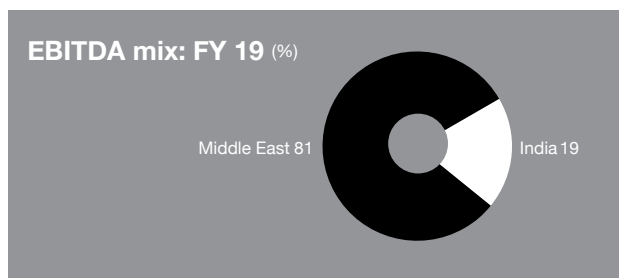
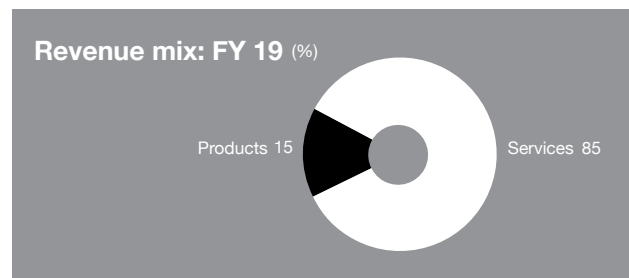
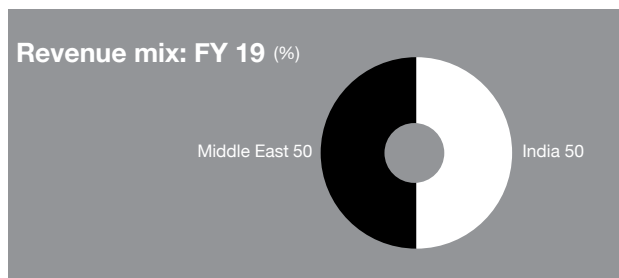
**HARSH MARIWALA**

# Key performance indicators

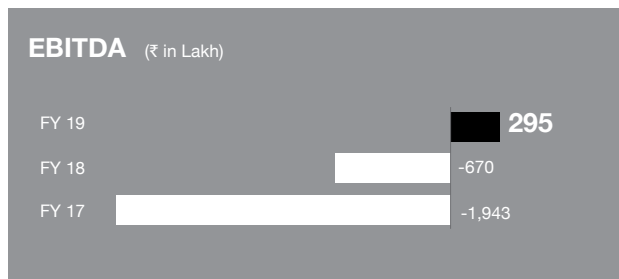
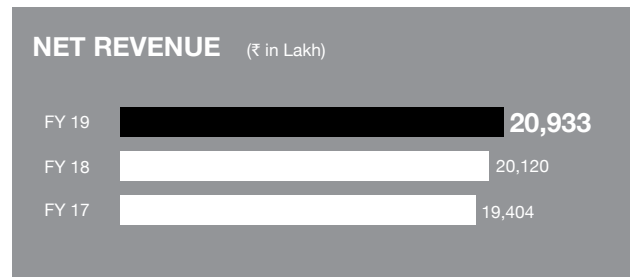
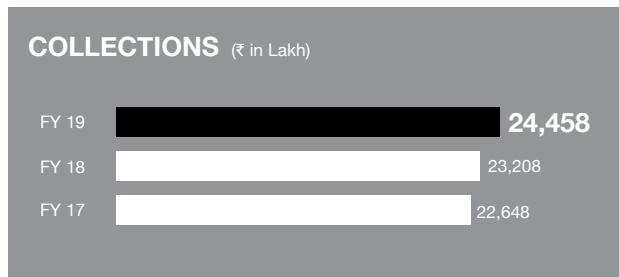
## CONSOLIDATED FINANCIALS



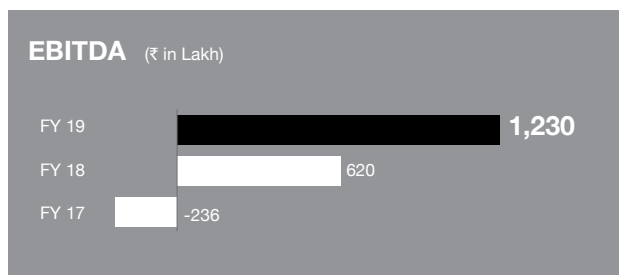
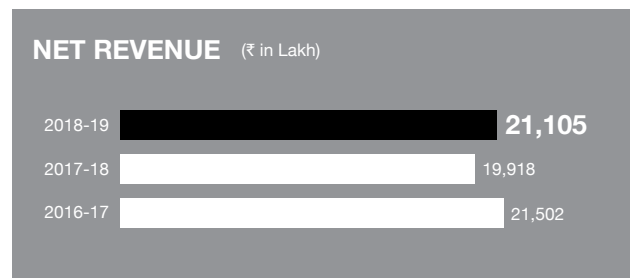
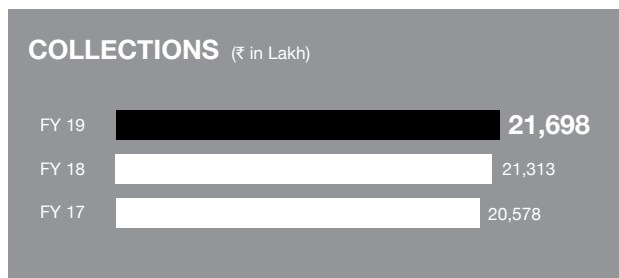
## REVENUE AND EBITDA MIX



## INDIA BUSINESS FINANCIALS



## MIDDLE-EAST BUSINESS FINANCIALS





# Operational highlights



## INNOVATIONS

### Products

The New Kaya 'Vital Volume' range was launched comprising three products:

- Root Energizing Oil
- Intense Volumizing Shampoo
- Intense Volumizing Masque

### Services

1. Kaya Clear Skin Matte Therapy
2. Kaya Ocean's Secret Youth Boost Therapy

### Treatments

1. JUVEDERM® VOLBELLA™, a new facial filler for lips
2. JUVEDERM® VOLIFT™, a new filler to smoothen deep wrinkle
3. Kaya colour damage-reversal ritual
4. Kaya volume enhance & energise ritual

## #KAYATURNS15

Kaya celebrated 15 years in the Middle East in July 2018. This occasion was used to establish the stability and credibility of the brand in a market full of challenges.

## #MYFIRSTTIME

Kaya's campaign focused on adding first-time users into the Injectable category. This was done by highlighting the importance of safety, the experience of the doctor and the regulatory compliances.

## Consolidated from Operation

₹ **10,412** Lakh



## INNOVATIONS

### Products

Kaya Dandruff Control Range was launched consisting of four products:

- Overnight Purifying Lotion
- Gentle Purifying Shampoo
- Deep Nourishing Masque
- Healthy Hair Elixir

## CLINIC LAUNCHES/RE-LAUNCHES

The Al Karama clinic, our first clinic in Abu Dhabi launched 12 years ago, was relocated to the Al Wahda Mall. This clinic opened in July 2018, followed by Abu Dhabi Mall clinic, which was refurbished and relocated in the same mall, but to a bigger space, to accommodate the growing demand.

## Consolidated from Operation

₹ **10,746** Lakh





## INNOVATIONS

### Products

1. Kaya entered the Naturals segment with Kaya Derma Naturals Facial Sheet Masks, which combine the best of dermatological expertise and the best of nature. This range featured three variants of sheet masks:
  - 5 Flower Insta-Brightening facial mask
  - 5 Herb Insta-Oil control facial mask
  - 4 Marine Insta-Revitalizing facial mask
2. Extended the Derma Naturals Range to Lip Balms, launched in five variants:
  - Original care
  - Strawberry
  - Peach
  - Honey
  - Cherry

### Services

1. Pure Sense Relaxing and Hydrating Facial
2. Kaya Hydra Blue Rejuvenation Facial

### Treatments

New cog threads in the anti-ageing portfolio

### Consolidated from Operation

₹ **10,496** Lakh



## INNOVATIONS

### Products

1. Anti-pollution face wash with activated bamboo charcoal, which is four times more porous than regular charcoal and has excellent absorption properties.

### CLINIC LAUNCHES/RE-LAUNCHES

We relocated the Dubai Marina clinic to Jumeirah Beach Residence, opposite to Ritz Carlton, one of the prime locations in the city.

### Consolidated from Operation

₹ **10,384** Lakh



# Board of Directors



**MR. HARSH C. MARIWALA**  
*Chairman and Managing Director*

Mr. Harsh C. Mariwala leads Kaya Limited as its Chairman and Managing Director. He is also the Chairman of Marico Limited. Over the past three decades, Mr. Mariwala has transformed a traditional commodities driven business into a leading consumer products and services company in the Beauty and Wellness space.

Mr. Mariwala started ASCENT in 2012, a not-for-profit expression of his passion to create a unique trust-based peer-to-peer platform for high potential growth-stage entrepreneurs that leverages the 'power of the collective' and enables them to share and exchange experiences, ideas, insights and create a healthy ecosystem to learn from each other and grow their enterprise. He also founded the Mariwala Health Initiative (MHI) in 2015, with the philanthropic aim of giving back to the society. The MHI is the leading funding body in the field of mental health in India.

Mr. Mariwala was the President of Federation of Indian Chambers of Commerce and Industry (FICCI) in 2011. He has been a part of the Young Presidents Organisation (YPO) and is now a part of the World Presidents Organisation (WPO). He has held the position of YPO Education, Membership and Chapter Chair, for the Bombay Chapter and was a member of the International Forum Board of YPO International.



**MR. RAJENDRA MARIWALA**  
*Non-executive Director*

Mr. Rajendra Mariwala has done his Masters in Chemical Engineering from Cornell University, US. He 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 17 years in leading a competitive global business in specialty chemicals.



**MS. AMEERA SHAH**  
*Independent Director*

Ms. Ameera Shah is the Managing Director and CEO of Metropolis Healthcare Limited, a highly respected multinational chain of diagnostic centres. She has revolutionised the pathology industry from being a doctor-led practice to a professional corporate group. Under her leadership, Metropolis has been the first to create a sustainable business model for pathology, the first to traverse into emerging markets and the first to implement global standards of quality. Ms. Shah is an eminent industry spokesperson and has been featured as a speaker across various forums organised by the IIM-Ahmedabad, Harvard Business School, CII and many such reputed institutions. She has held the positions of Secretary of the Indian Association of Pathology Laboratories and Chairperson of the FICCI Health services western subgroup.

## COMMITTEE DETAILS

- Audit and Risk Management Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Investment, Borrowing and Administrative Committee
- Corporate Social Responsibility Committee





**MR. NIKHIL KHATTAU**  
*Independent Director*

Mr. Nikhil Khattau is an experienced investor, entrepreneur and banker. At Mayfield, he has been leading investments since 2007. As an entrepreneur, he was the founding CEO of SUN F&C, one of India's first privately-owned mutual fund houses. His investment banking experience was with EY's Corporate Finance Group in London and New York. Mr. Khattau is a Chartered Accountant from the ICAEW and received his Bachelor's degree from the University of Mumbai. He believes the Indian consumer habits are changing and he works with entrepreneurs at the forefront of this change. Food, online brands and consumer financial services are areas of particular interest for him.

He is on the Boards of Marico Limited (packaged consumer goods) and Securens (remote monitoring and surveillance), Licious (online meat brand), MilkBasket (micro-delivery grocery player) and an investor in Box 8, TripHobo, Green Snacks, Matrimony.com and Sohan Lal Commodity Management.



**MR. B. S. NAGESH**  
*Independent Director*

Mr. B. S. Nagesh is the Founder of a public charitable trust TRRAIN (Trust for Retailers and Retail Associates of India).

Mr. Nagesh has been involved with Shoppers Stop and its group companies since its inception in 1991 as the first employee. As part of his personal philosophy of Learn, Earn & Return, he stepped out of the day-to-day roles of the business as Managing Director in 2009 and founded TRRAIN. He is currently the Chairman and Non-executive Director of Shoppers Stop Limited and is also the Founder Chairman of RAI (Retailers Association of India). Mr. Nagesh is on the Board of (IGDS) Intercontinental Group of Departmental Stores, a global association of department stores, and the Vice President for Asia, for IGDS.

With his induction in the World Retail Hall of Fame in 2008, Mr. Nagesh is the only Indian retailer and the first Asian retailer to take a significant place alongside more than 100 stalwarts of the global retail industry.

Recently, he was awarded the prestigious NCPEDP – Hellen Keller Award for creating livelihood opportunities for Persons with Disabilities and was recognised as the Change Maker at the Sabera Awards.



**MR. IRFAN MUSTAFA**  
*Independent Director*

Mr. Irfan Mustafa is an entrepreneur and a senior corporate executive with a distinguished career spanning over 4 decades across 4 continents and 4 multinationals. He was born in Lahore, Pakistan 66 years ago in a Kashmiri middle-class professional household. He did his early schooling in missionary convents and two MBAs at leading business schools in Karachi, IBA Pakistan, followed by post-graduate in Business Administration – from IMD Lausanne, Switzerland. He joined the elite group of Pakistanis in 2013 by being nominated for '100 Most Powerful Pakistanis Worldwide'. He is a Board member of many prominent corporates and non-profits. He has worked with companies such as YUM! Brands, Pepsi Cola International Unilever Pakistan and is currently the shareholder and Director of KFC Pakistan, the largest fast food franchise in the country. He is actively involved with several notable charitable and philanthropic efforts – in particular focusing on the development of youth, education and poverty alleviation.

# Strategic priorities



## INDIA

The skin care and hair care sectors in India are poised for strong growth in the future. Rising disposable incomes, an increasingly aspirational middle class and the improving macroeconomic growth will aid the growth of this sector.

We are cognisant of the emerging opportunities and are committed to making the most of them. Our emphasis will be on driving specialised, doctor-led services in the domains of anti-ageing, fairness, pigmentation and hair care business. We believe that hair care business and laser hair removal treatments (for men and women alike) hold immense potential in the future; we are making the requisite investments in scaling up in this area.

Our aim is to take our product portfolio to a larger pool of customers across the channels of Kaya Clinics, pharmacies, modern trade (Health & Glow, Religare Wellness and NewU). With an aim to deliver superior value to our customers, we will continue to invest in upgrading the infrastructure and technology across our key clinics. Our aim is to shore up revenue contribution of products from 20% currently to 25% in the ongoing fiscal.

We are willing to go the extra mile to delight our customers, cater to their ever-evolving needs and further strengthen our relationship.



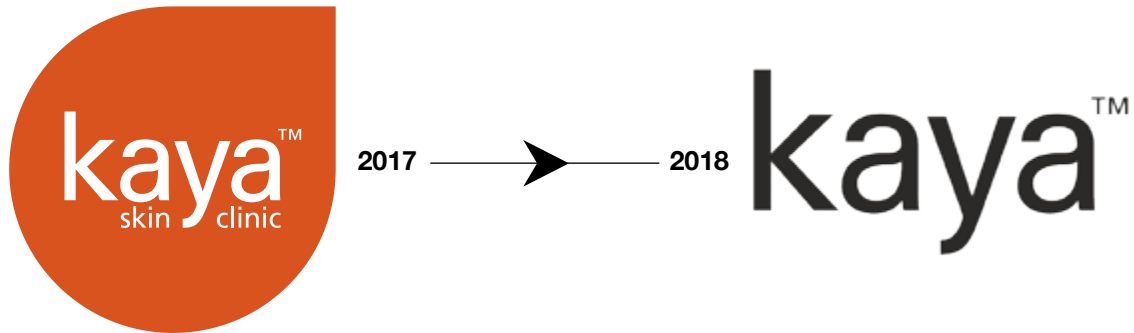
## THE MIDDLE EAST

Our focus on delivering bespoke products and services empowers us to navigate through the turbulent macroeconomic situation in the Middle East. Adding new clinics in the Gulf Cooperation Council (GCC) region, exploring avenues for inorganic growth, strengthening the new brand positioning and making requisite investments in the business will ensure that we continue to grow in a steadfast manner.



# Brand refresh

## FROM KAYA SKIN CLINIC TO KAYA CLINIC



**In November 2018, we revamped our brand to closely reflect our existing as well as newer business segments.**

### THE OBJECTIVES OF THE BRAND REVAMP WERE

- To target younger consumers spanning multiple income groups.
- To generate awareness about our wholesome offerings around body, hair and skin care

We have invested ₹15 Crore in revamping our clinics. The new identity has been conceptualised and executed across 21 clinics. Each touchpoint in these 21 clinics has been designed to wow the consumer and elevate the overall brand experience.





# Customer connect



**At Kaya, customers form the core of all our activities. We strive to create superior value for our customers at every stage that they engage with us and across all our businesses. In order to stay relevant and ensure top-of-the-mind brand recall, we undertake various initiatives from time to time. Some of these are explained below:**

Since inception in 2016, our Customer Lifecycle Management Programme has grown from strength to strength. Over the years, we have added various modules to this programme with the objective to enhance customer engagement and enhance the Customer-Lifetime-Value (CLTV). Through this programme, we deploy analytical models developed around past consumer behaviour patterns to derive valuable consumer insights. The churn model, for instance, predicts the likely churn and interacts with the customer at that point in time to retain him/her within Kaya. This programme has helped us boost customer retention rates, frequency of visits as well as purchases.

**Our CLM programme has been recognised at an international forum by Loyalty Magazine UK award, with Kaya becoming a finalist in three categories.**

In the Middle East, we connect with our customers using the modes convenient to them across multiple physical and digital platforms. On an average, our call centres generate leads of over 7,000 customers per month as compared to 4,000 customers a year back. Our website has also been gaining traction in recent times and registers an average of 42,000 visits per month, which is more double than the traffic witnessed in FY 18.

# Awards and Accolades

Women Achiever Award



Award for Best Talent Management Strategy



Kaya Glows at the Images Retail Award



AdGully Digixx Award



Big Bang Award for Excellence in Communication & Media - Digital - Campaign Website/ Microsite



Best HR Initiative of the Year





# Management Discussion and Analysis

## ECONOMIC OVERVIEW

### GLOBAL

According to the International Monetary Fund (IMF), the global economy grew by 3.6% in 2018. The growth rate was weighed down by multiple factors including weaker sentiment in financial markets, heightened trade tensions between the US and China volatility in crude prices. The US, however, was an outlier among advanced economies as its Gross Domestic Product (GDP) grew 2.9% - an increase of 70 basis points over the 2.2% growth registered in 2017. A strengthening US Dollar, neutral unemployment and minimal inflation were the primary catalysts behind this growth. The Eurozone registered 1.8% GDP growth during the year, down from 2.4% in 2017, largely due to sluggish demand in the domestic market. At 6.6%, China's economic growth was lower than the 6.9% level recorded in 2017.

### MIDDLE EAST

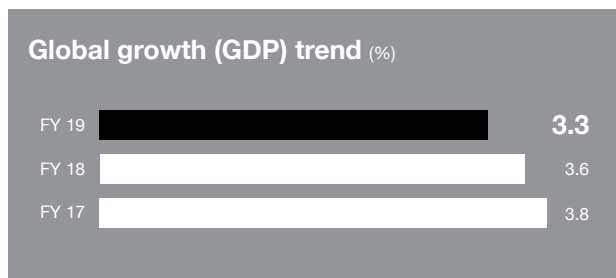
#### UNITED ARAB EMIRATES (UAE)

As estimated by the IMF, the UAE economy grew by 1.7 % in 2018 as against projections of 2.9%. However, it saw a significant improvement from the 0.8% growth in 2017, on the back of comparatively higher crude oil prices and rising oil production. Job creation slowed from 2.6% in the first three quarters of 2017 to 1.6% for the same period in 2018. The number of people employed by the services sector (totalling one-fifth of the total working population of the UAE) declined by 1.3% y-o-y in the third quarter of 2018. ' (Source: [gulfnews.com/business/imf-project/www.icaew.com](http://gulfnews.com/business/imf-project/www.icaew.com)).

## KINGDOM OF SAUDI ARABIA (KSA)

Saudi Arabia recovered from a recession (GDP fell 0.7% in 2017) to grow by 2.2% in the year. Economic activity was supported both by oil sector expansion and faster growth in the non-oil sector. The construction sector continued to contract for the third consecutive year.

Overall, Saudi Arabia remained firmly on the transition path under the auspices of Vision 2030 – the country's economic blueprint first unveiled in 2016. The plan has seen numerous reforms being implemented over the past year, including the launch of the 5% Value-Added Tax (VAT) and energy price reforms, and will continue to shape the Kingdom's trade and investment strategy.



## OUTLOOK

While downside risks continue to be a challenge to global economic expansion, acceleration is expected in the second-half of the year. This will be supported by significant policy accommodation by major economies, made possible by the absence of inflationary pressures, despite closing output gaps. The US Federal Reserve has adopted an accommodative monetary policy with no interest rate increases for the rest of the year.

The European Central Bank, the Bank of Japan and the Bank of England have all migrated to a more accommodative stance. Such a dovish strategy is triggering an inflow of foreign capital to emerging and developing economies and helping raise investor and consumer sentiments in these countries, especially China and India.

China has ramped up its fiscal and monetary stimulus to counter the negative impact of trade tariffs. Additionally, the outlook for US-China trade tensions is improving with both countries moving towards a mutually agreeable trade agreement in the foreseeable future.

According to the IMF, China and India are projected to have robust growth going forward vis-à-vis slower growth in advanced and other emerging market economies.

Economic activity in the UAE is set to accelerate to 2.8% this year (Source: [www.icaew.com](http://www.icaew.com)), buoyed by a pick-up in non-oil activity, rising public spending at the Federal and Emirate levels, higher investment ahead of the highly anticipated Expo 2020 and continued regional economic recovery. Both the oil and non-oil sectors are expected to be supportive of growth this year. The oil sector, which makes up around 30% of its GDP, is expected to grow by 2%, while the non-oil sector is set to accelerate from an estimated 3% in 2018 to 3.6% in 2019 (Source <https://www.zawya.com>). Real estate market conditions are unlikely to see a notable rebound this year, reflecting strong anticipated supply growth and still sluggish job market conditions.

Despite higher fiscal spending, the economic growth in Saudi Arabia is expected to slow down to 1.8% in 2019, reflecting renewed OPEC-mandated output cuts and only a modest acceleration in non-oil activity amid a still-challenging business environment. Oil sector's contribution to growth will again weaken in 2019. Saudi Arabia leads the effort to re-balance the global oil market and is shouldering the bulk of the reduction in total output agreed by OPEC and its allies. Higher state spending, which we forecast to rise by 7%, and pro-growth initiatives, will support non-oil growth in 2019, amid continued diversification efforts in Saudi Arabia (Source: <http://saudigazette.com.sa>).

We see ongoing but slower recovery in Saudi Arabia's growth as economic and social changes take hold (source: [www.icaew.com](http://www.icaew.com)).

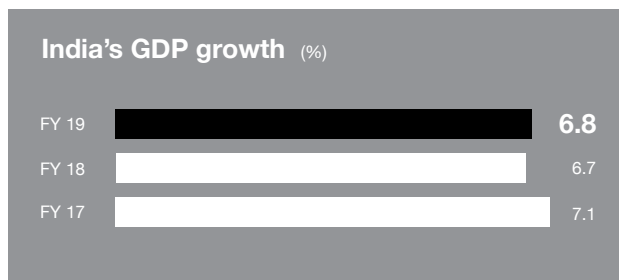
## INDIA

India, currently the world's sixth largest economy, remained one of the fastest growing major economies of the world in FY 19. The uptick in private sector investment, strong gross capital formation and improved exports catalysed an acceleration in GDP growth in the first quarter of the year. Stronger momentum in private consumption, which grew in high single digits for most part of the year, and steady construction activity also facilitated economic growth during the year. Consumer confidence gradually improved, inching up for two straight quarters ending December 31, 2018 and March 31, 2019.

Inflation as measured by the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) remained in low single digits for most part of the year. Consequently,

the Reserve Bank of India (RBI) reverted to 'neutral' stance from 'calibrated tightening' (briefly adopted between October and December 2018). The apex bank announced a 25 basis points cut in repo rate in its last policy of the financial year in order to fast-track economic growth and usher in enhanced liquidity in the ecosystem. The Government of India (GoI) adopted prudent policies to restrict fiscal deficit in a narrow band during the year.

The Indian Rupee remained tepid for most part of the year and hit an all-time low of 74.48 vis-à-vis the US Dollar due to higher oil prices, improving US yields, weak domestic fundamentals and outflows from domestic markets.



Favourable demographics are likely to propel the Indian consumption story, supported by a stable and reform-focused policy framework, which will drive business and investment.

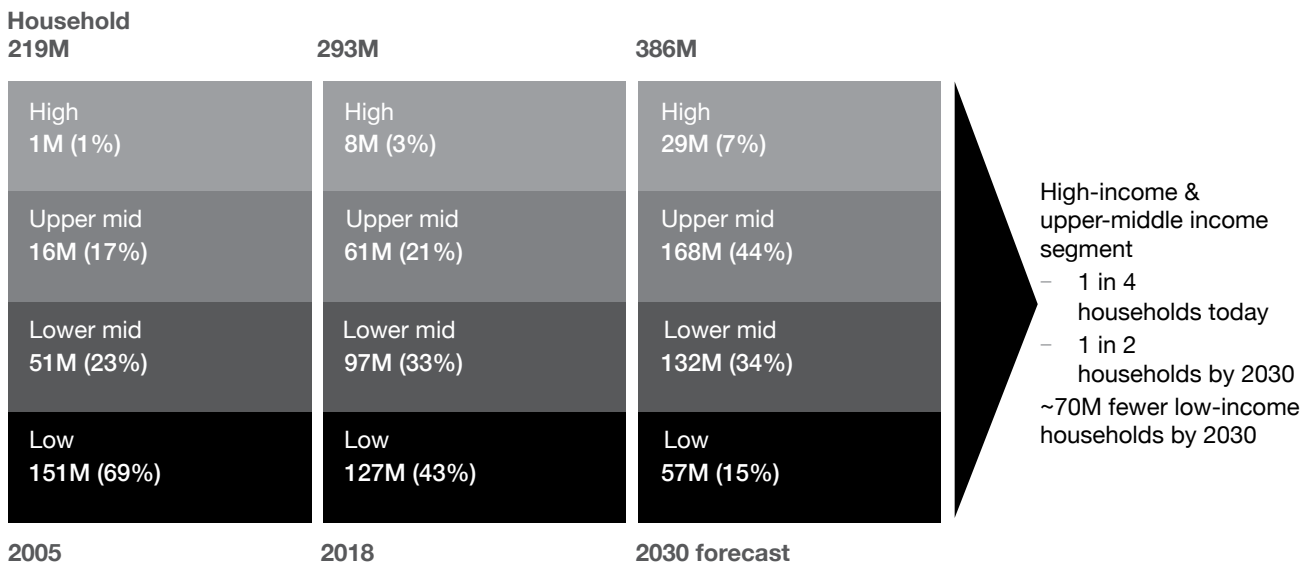
Domestic consumption, which accounts for 60% of the GDP is likely to touch a US\$ 6 trillion opportunity by 2030.

India's future consumption trajectory is anchored in the growth of the upper-middle income and high-income segments, which are likely to double to 44% and 7% respectively, between 2018 and 2023 (see chart).

Some of the major drivers of consumption in India include:

- Growing disposable incomes
- Burgeoning middle class
- Accelerated urbanisation
- Digital-first economy

## EVOLUTION OF THE HOUSEHOLD



## OUTLOOK

India's economy is likely to grow at over 7% in FY 20, driven by wide-ranging reforms undertaken by the Government of India such as the Goods and Services Tax (GST), Housing for All by 2022, Ease of Foreign Direct Investment (FDI) norms and Smart Cities mission. These reforms will help drive consumption and investment in the country.

Another reason for this stable growth is the country's low exposure to a slowdown in global manufacturing trade growth vis-à-vis other major Asian economies and emerging markets. In order to make the growth more sustainable and inclusive, India needs to unlock the untapped potential of its young workforce through skill development initiatives and enhanced reforms in the education sector.



# Industry overview

## SERVICES

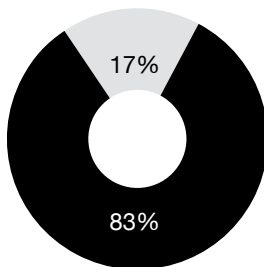
### India

The overall market size of beauty services is ₹ 16,422 Crore (Source: Euromonitor Report, 2017). One-fifth of this market i.e., ₹ 3,284 Crore comprises cosmetic treatments. If we isolate non-invasive treatments, the market size is 83% cosmetic treatments worth ₹ 2,726 Crore. Invasive accounts for the rest i.e., ₹ 558 Crore. India, today, ranks fourth globally in non-surgical procedures.

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

The market for minimally invasive and non-invasive dermatology treatment is expected to grow at a CAGR of 21% on an average from 2016 to 2020.

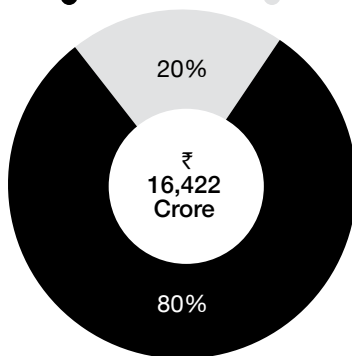
Thus, the overall market size for minimally invasive and non-invasive dermatology presents an overall opportunity pie of ₹ 7,404 Crore.



Overall market size of cosmetic treatments in India ₹ Crore, 2016

Non-invasive

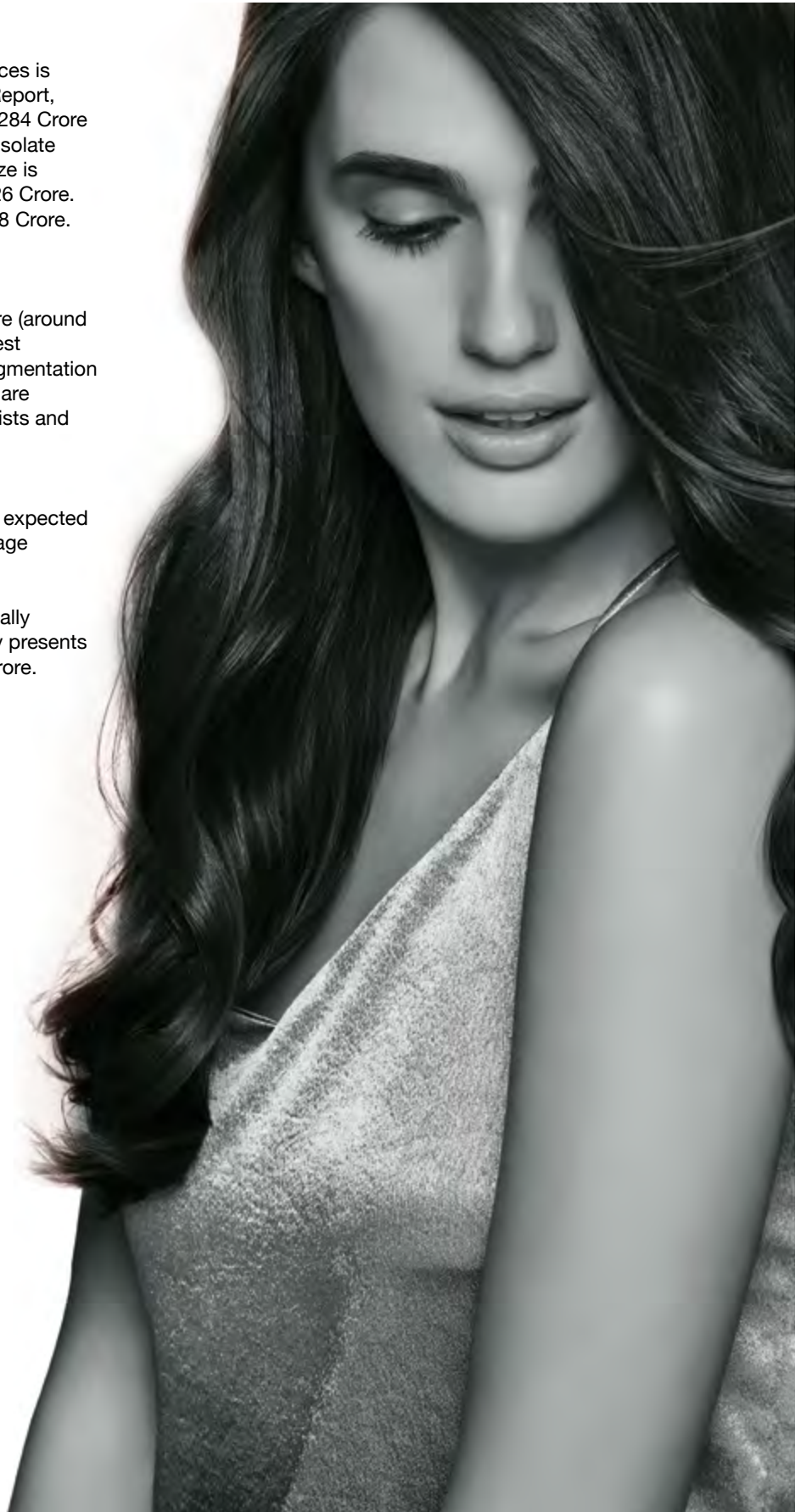
invasive



Overall Market Size of Beauty Services ₹ Crore, 2016

Beauty service

Cosmetic treatments



## KEY OPPORTUNITIES IN INDIA

### Hair transplant and hair restoration

The hair transplant market is estimated to be worth at ₹812 Crore, making it one of the largest growing segments within the minimally invasive dermatology space. India accounts for the largest hair transplant procedures in the world at 36,500 procedures. In addition, the hair restoration services are valued at an additional ₹461 Crore (Source : Euromonitor Report, 2017).

The segment of hair loss currently is dominated by the male consumer accounting for 72%. Even at 28%, the women's hair loss market presents a good opportunity.

### Laser hair reduction

Laser hair reduction is a high-need category with relatively low penetration in India due to accessibility and pricing challenges. The segment has heavy dominance of women at 68% but can also attract significant male audience given the changes in behaviour, including active interest in fitness and sports such as swimming.

The market for laser hair reduction is estimated at ₹ 531 Crore and the segment is expected to grow by 19%.

### Pigmentation and fairness

Pigmentation and fairness represents one of the largest dermatological concerns among consumers. The increasing emphasis on fairness in India (especially in the West and South) has led to rapid expansion of fairness products in the market. Pigmentation is an age-related concern and occurs usually as men and women reach the middle age.

The market for pigmentation and fairness is estimated at ₹ 526 Crore and is expected to grow at a healthy pace. Women contribute to 70% of this market.

### Anti-ageing

Anti-ageing is a niche segment in India as the services are seen as discretionary spends and has the lowest penetration as the cost per service is the highest. This is a specialised service and hence the client is usually the HNI (High Net worth Individual) segment. Awareness regarding services such as Botox, Fillers and Thermage is restricted to the elite consumer in large cities but is slowly penetrating to Tier 2 cities as well.

The market size of anti-ageing is estimated at ₹ 372 Crore and is expected to grow at the rate of 19.7%.

### Acne concerns

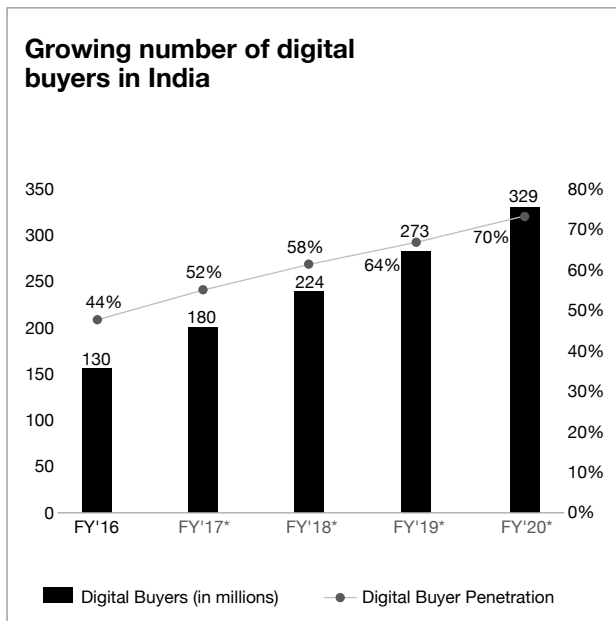
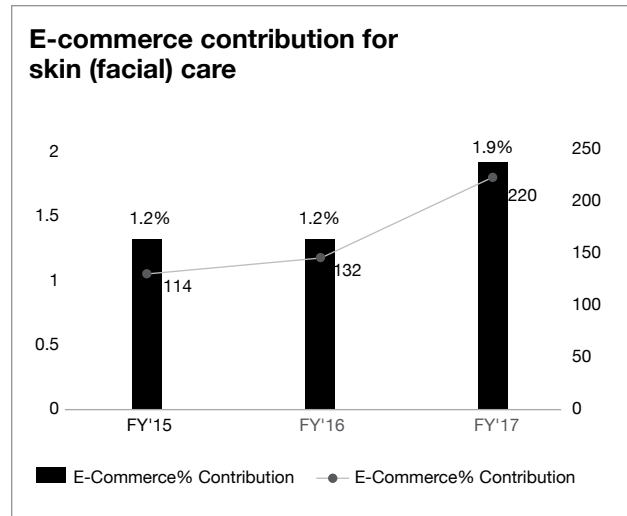
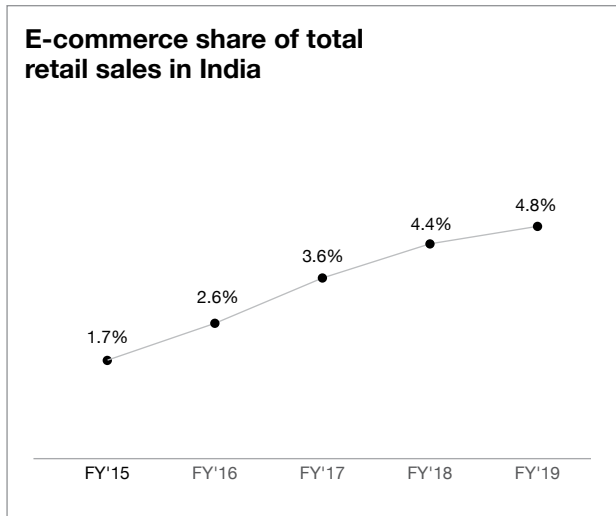
Acne is a large concern in the Asia-Pacific (APAC) region but is a relatively low value segment. Consumers prefer using off-the-shelf FMCG products rather than

dermatological services on account of higher costs. Acne cure is estimated at the market size of ₹ 291 Crore and is expected to grow at the rate of 8.7%.



## E-COMMERCE

In 2017, 52% of Internet users in India made as online purchases (Source: BCG & Statista, Euromonitor). This figure is expected to surge to 64% in 2019. Contribution of e-commerce to overall sales continues to grow and is pegged at ~5% of overall sales in 2019, driven by the mobile Internet segment.



#### Key trends

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

#### MARKET DYNAMICS

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

The North and the West are the key markets in this space, though smaller markets in the South and the East are growing rapidly. East of India is under-penetrated, indicating immense opportunities.

Pricing will be a key factor to expand the category in the Indian context. Kaya is a market leader in the cosmetic treatments space with regional competition across India.

## MIDDLE EAST

### Skin Care

Figures for the Middle East skin care market project a growth of 8% in 2019 over 2018 estimating it to be worth \$34.9 Billion in 2019. However, this is a bullish estimate given the consumer sentiment that was seen in 2018 across the category.

**\$ 2.2 Billion**

Value of the UAE's cosmetics and personal care market in 2017

**\$ 2.7 Billion**

Estimated value of UAE's beauty and personal care market by 2021

**5.2%**

Growth in the UAE's beauty market last year

**\$ 32.7 Billion**

Retail value of the beauty and personal care market in the MEA region in 2017

**\$ 52 Billion**

Value of the global halal cosmetics market by 2025

### Key trends seen in the UAE & KSA market:

- **Rising working population:** Creating a need for grooming and personal care products
- **Increase in male grooming:** This has led to a boom in men's skincare and grooming segment, showing double-digit growth over the past three years.
- **Increased focus on green and halal products:** Green beauty and skincare products have been making a huge impact in the industry, especially with growing consumer awareness about the ingredients of the products.

### Changes in the skincare services industry:

The slowdown in the economy in the Middle East continued and worsened in 2018, against the predictions of growth at the beginning of the year. Consumer sentiment was low and unpredictable, and the market shrunk further, with customer count across the category coming down further. This was led by:

#### Lower consumer spending

Consumers spending less per transaction and increasing the time between two sessions. They also resorted more to occasion-based purchases, leading to high fluctuations in business month on month. Services such as Laser Hair Reduction, Botox and Fillers have gone through an intense price reduction in the category, with customers prioritising price over other benefits.

#### Highly competitive environment

This has resulted in the market becoming highly competitive, with intense price wars, deep discounting and a lot of businesses wanting to sell out. As a result, consolidations have taken place, with big players buying out smaller ones, one of them being our biggest competitor in this region.

#### Higher scrutiny and regulations

Regulatory authorities are trying to ensure quality through rigorous regulations. This has led to an increase in the number of procedural steps for approvals, licenses, etc. to try and regulate the market. This move, while creating certain challenges, is in favour of organised players over the long term.





# Business overview and outlook



A pioneer in the dermatology space, Kaya has been offering customised solutions delivered through its expert dermatologists across its 97 clinics. Our advanced solutions comprise state-of-art medical technology. The Company has always been at the forefront of introducing the latest and most effective technology-backed solutions to the Indian consumer. Over the years, we have made sure that Kaya portfolio spans skin care, hair care and a wide range of retail products. Our prime objective is to become the leading player in the specialty skin care market in India and the Middle East.

## HUMAN RESOURCES @KAYA

Kaya Limited, along with its subsidiaries, has total workforce strength of around 1,450 employees across 97 clinics in India and 23 in the Middle East. Over 135 Dermatologists are empanelled with us across the chain in India and the Middle East.

Our people are integral to our business and their contribution in driving Kaya's success is undeniable. We call our people 'members' for we believe we are a united family working towards a common goal and that passion binds us together irrespective of the geographical distance.

For over a decade, we have been an employer of choice to members from different ethnicities and are committed to retaining them through our people-centric policies. One of our key values is openness, which encourages us to seek inputs from our members and helps us devise strategies to make their work life more satisfying. From enhanced opportunities for recognition reduced working hours post-maternity to providing the experience of Kaya service to each employee every month, we heard the voice of our members and responded to it.

We have designed tools to understand the engagement levels of our members and we continue to strengthen them through a number of customised interventions from time to time. We spread awareness and encourage our members to use the power of one to contribute to generating revenue. Our investment in connecting with our members to make them feel heard and valued helped

us increase productivity across levels, reduce attrition and increase revenue.

Our work was applauded by various renowned institutions due to our dedicated effort in building the capability of our members by helping them embark on development journeys, mentoring them and providing them with opportunities to grow with us.

We were recognised as the National Best Employer Brand at the World HRD Congress.

We also won the Best HR Initiative at TRRAIN Awards as well as ET NOW Best Talent Management Strategy for the second consecutive year.

## PERFORMANCE OVERVIEW – KAYA GROUP

Kaya is engaged in the business of providing skincare solutions through Kaya skin clinics in India and the Middle East.

We are focused on building a profitable business, which provides great value to its customers and to its shareholders.

We have also undertaken numerous initiatives to boost overall growth. In FY 19, Kaya consolidated gross retail turnover of ₹ 420.9 Crore, increase of 5% over the previous year.

Bringing back our strategic intent to broaden our offerings in these areas, we continue to invest relentlessly in advanced skincare technologies to reinforce our commitment to offer cutting-edge skincare solutions to our consumers. Over the past one year, Kaya has scaled up advanced technologies in the field of hair care (including hair transplant), anti-ageing, acne, pigmentation, body contouring and hair free. Kaya also introduced new products such as facial mask, derma natural products and lip balm during the year.



## CONSOLIDATED FINANCIAL SUMMARY SUMMARISED PROFIT & LOSS

(₹ in Lakh)

Particulars	Kaya India		Kaya Middle East		Kaya Group	
	FY 19	FY 18	FY 19	FY 18	FY 19	FY 18
Collection	24,458	23,210	21,698	21,310	46,156	44,520
Net Revenue including other operating revenue	20,982	20,120	21,107	19,920	42,087	40,040
EBIDTA	295	(670)	1,230	620	1,525	(50)
% to NR	1%	-3%	6%	3%	4%	0%
Operating Margin	(1,232)	(1,980)	(24)	(500)	(1,257)	(2,480)
% to NR	-6%	-10%	0%	-3%	-3%	-6%
Business PAT	(323)	(1,350)	(396)	(670)	(718)	(2,020)
% to NR	-2%	-7%	-2%	-3%	-2%	-5%
Minority Share	-	-	40	140	40	140
Exceptional Items/Consol adj	95	-	764	-	860	-
PAT post Exception	(418)	(1,350)	(1,199)	(804)	(1,617)	(2,154)
% to NR	-2%	-7%	-6%	-4%	-4%	-5%

## BALANCE SHEET

(₹ in Lakh)

Particulars	FY 19	FY 18
<b>Equity capital &amp; liabilities</b>		
Share Capital	1,306	1,303
Reserves and Surplus	14,473	19,721
Minority Interest	107	160
Borrowings & Provisions	3,494	2,280
<b>Total Liabilities</b>	<b>19,381</b>	<b>23,465</b>
<b>Assets</b>		
Fixed Assets (Net)	10,987	9,836
Goodwill on consolidation	9,654	10,387
Deferred tax assets (net)	2,107	2,107
Current Investments	1,443	2,008
Net Working Capital	(4,809)	(873)
<b>Total Assets</b>	<b>19,381</b>	<b>23,465</b>

## FINANCIAL RATIOS

Particulars	Standalone		Consolidated	
	FY 19	FY 18	FY 19	FY 18
Debt Equity Ratio <sup>^</sup>	-	-	0.18	0.11
Current Ratio <sup>#</sup>	0.82	1.01	0.64	0.87
Inventory turnover ratio	0.75	0.76	0.56	0.63
Debtors turnover ratio	0.21	0.22	0.22	0.23
Operating margin ratio <sup>##</sup>	-5.89%	-9.84%	-2.99%	-6.19%
Net profit margin ratio <sup>@</sup>	-2.00%	-6.71%	-3.75%	-5.04%
Return on Net Worth* (RONW)	-2.56%	-7.18%	-10.00%	-9.60%

<sup>^</sup> Change in debt equity ratio is due to increased borrowings in Middle East operations

<sup>#</sup> Ind AS 115 Impact has resulted the change in Current ratio

<sup>##</sup> Operating margin is higher due to improvement in revenue and Cost rationalisation

<sup>@</sup> Net profit margin is higher due to improvement in revenue and Cost rationalisation

\* Ind AS 115 Impact and reduction in losses has resulted the change in RONW

**NET REVENUES****Consolidated Financials**

Net Revenue at ₹ 42,038 Lakh, growth of 5% over FY 18.

**India Business**

Our India business grew by 4% with major contribution from the product and hair care segment. During FY 19, with 97 clinics in operation, we opened around 400+ touch points (comprising GT- General trade MT - Modern trade SIS - Shop in Shop.

Kaya continued its strategy of renovation/relocation/ facelift of 21 clinics, increasing the reach of its products across India through distribution/GT/MT.

During FY 19, Kaya discontinued operations of all COCO - Company owned Company operated stores where only products were sold.

**Middle East Business:**

Kaya Middle East (KME) business grew by 6% with major contribution from KSA. Joint Venture agreement was terminated with Kuwait partners w.e.f. 31 January 2019.

**COST OF GOODS SOLD (COGS)**

COGS 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.

**Consolidated Financials**

COGS on consolidated basis remained around 18% over FY18 as we continued down the path of indigenisation of consumables, improvement in internal control mechanisms and rationalisation of other related costs. The absolute cost has been ₹ 7,703 Lakh (18% of Net Revenue) in FY 19 as against ₹ 7,449 Lakh (19% of Net Revenue) in FY 18.

**India Business**

Kaya India's COGS remained flat because of indigenisation, despite increase in Net Revenue, leading to improvement in Gross Margins.

**Middle East Business**

Kaya Middle East's COGS remained flat and recorded around 15% of Net Revenue in both the FY 19 and FY 18.

**EMPLOYEE COST**

Employee cost includes cost of contractual staff, personnel at the clinic staff servicing the customers and also staff at the corporate office.

**Consolidated Financials**

This cost of ₹ 14,350 Lakh (34% of Net Revenue) at Group level has declined by 5% as compared to ₹ 15,137

Lakh (38% of Net Revenue) in FY 18. The reduction was achieved majorly due to optimisation of resources.

**India Business**

Kaya India's Employee costs at ₹ 5,279 Lakh have registered a decline of 3% over FY 18.

**Middle East Business**

KME's employee costs at ₹ 9,071 Lakh have decreased by 7% as compared to FY 18.

**RENTALS**

Rental cost primary includes rental place occupied to operate the clinics and the GT/MT business.

**Consolidated Financials**

Rental costs at consolidate levels of ₹ 5,935 Lakh (14% of Net Revenue) increased by 9% as compared to ₹ 5,450 Lakh (14% of Net Revenue) in FY 18.

**India Business**

Kaya India rental costs increased by 5% to ₹ 3,725 Lakh (18% of Net Revenue). The growth in rent was due to normal price escalation and the relocation of clinics.

**Middle East Business**

Rental costs at ₹ 2,210 Lakh (10% of Net Revenue) increased by 16% majorly due to relocation and renewals of existing clinics.

**ADVERTISEMENT SALES AND PROMOTION****Consolidated Financials**

Cost of advertisement at Group level declined by 17% to ₹ 2,351 Lakh (6% of Net Revenue) in FY 19 as compared to ₹ 2,823 Lakh (7% of Net Revenue) in FY 18.

**India Business**

Kaya India advertisement costs at ₹ 1,263 Lakh (6% of Net Revenue) declined by 29% in FY 19.

**Middle East Business**

Kaya Middle East Advertisement costs at ₹ 1,088 Lakh (5% of Net Revenue) increased by 3% in FY 19.

**OTHER OPERATIVE EXPENSES**

Other expenses majorly include overheads such as professional charges paid to doctors, electricity, repairs and maintenance, insurance, travel, rates and taxes, etc.

**Consolidated Financials**

Operative expenses at consolidated level grew 9% to ₹ 10,373 Lakh (25% of Net Revenue) in FY 19 as compared to ₹ 9,485 Lakh (24% of Net Revenue) in FY 18.

### **India Business:**

Kaya India's other operative expense costs increased by 2% to ₹ 6,104 Lakh (29% of Net Revenue) in FY 19.

### **Middle East Business:**

KME's other operative expense costs at ₹ 4,269 Lakh (20% of Net Revenue) increased 21% in FY 19.

### **EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION (EBITDA)**

During FY 19, Kaya Group registered operating EBITDA of ₹ 1,525 Lakh as compared to ₹ (50) Lakh in FY 18.

- Kaya India recorded EBITDA of ₹ 295 Lakh (1% of Net Revenue) compared to ₹ (670) Lakh (-3 % of Net Revenue) of FY 18.
- Kaya Middle East registered EBITDA of ₹ 1,230 Lakh (6% of Net Revenue) as compared to ₹ 620 Lakh (3% of Net Revenue) in FY 18.

### **DEPRECIATION, IMPAIRMENT AND AMORTISATION**

#### **Consolidated Financials:**

Depreciation and amortisation expense at the consolidated level increased to ₹ 2,908 Lakh (7% of Net Revenue) during FY 19 as compared to ₹ 2,430 Lakh (6% of Net Revenue) during FY 18, an increase of 20% over FY 18.

The increase is towards new medical technology investments, closure of COCO and SIS stores, renovation and relocation of existing clinics as well as new clinics both in India and the Middle East.

The Group during FY 19, impaired the investment amount of ₹ 527 Lakh, made in IRIS medical centre, Abu Dhabi, UAE.

### **EARNINGS BEFORE INTERESTS AND TAXES (EBIT)**

Operating margins stood at ₹ (1,257) Lakh (-3% of Net Revenue) as compared to ₹ (2,480) Lakh (-6% of Net Revenue) in FY 18.

### **OTHER INCOME**

Other income in FY 19 is at ₹ 491 Lakh as compared to ₹ 958 Lakh in FY 18. This primary includes profit on redemption of short-term investments out of surplus cash.

### **PROFIT AFTER TAXES (PAT)**

Kaya Group's earnings after taxes and exceptions (post minority interest share) is ₹ (1,617) Lakh (-4% of Net Revenue) as compared to ₹ (2,154) Lakh (-5% of Net Revenue) in FY 18.

### **FIXED ASSETS**

Fixed Assets (net of depreciation) increased by ₹ 1,160 Lakh during FY 19 from ₹ 9,742 Lakh, FY 18 to ₹ 10,902 Lakh in FY 19.

The net increase is due to machine investment, relocation, renovation of existing clinics and investment in hair transplant technology both in India and the Middle East.

### **IND AS 115**

The Group adopted IND AS 115 with a modified retrospective approach, with the effect of initially applying this standard being recognised at the date of initial application, i.e 1 April 2018 in Retained earnings. Hence, the figures for the comparative periods and year ended 31 March 2018 have not been restated. On adoption of IND AS 115, the group refined its accounting of performance obligations including allocation of fair values and treatment of upfront fees. Consequently, ₹ 3,884 Lakh of Revenue from operations has been reduced from Retained earnings as at 1 April 2018.

### **OUTLOOK**

#### **India**

The long-term outlook for skincare sector remains positive on the back of favourable demographics, rise in health awareness and disposable incomes, a burgeoning and aspiring middle class and a large young working population as well as improvement in the macroeconomic factors such as GDP, inflation, etc.

The big focus of the India business would be to drive specialised doctor-led services such as anti-ageing, fairness and pigmentation and hair care. Hair transplants is a new segment for the business. Product sales expansion both within Kaya clinics and in department stores and modern trade will also be a thrust area for us. Modernising key clinics in terms of infrastructure, customer convenience and technology will also be under focus.

#### **Middle East**

Given the volatile economic environment in the Middle East, taking the business on the growth trajectory seems to be a huge challenge. We shall continue to focus on the innovations and focus on other markets to add more clinics in the GCC region, organically and inorganically, and scale up the new identity faster, balancing with the investments that further our goals of value creation.

# Board's Report

## To the Members,

Your Directors present the Sixteenth Annual Report of Kaya Limited for the year ended March 31, 2019.

In line with the requirements of the Companies Act, 2013, (the "Act") this report covers the financial results and other developments during April 1, 2018 to March 31, 2019 in respect of Kaya Limited (the "Company") and Kaya Consolidated comprising of the Company, its Subsidiaries and Joint Venture. The consolidated entity has been referred to as 'Kaya Group' or 'Your Group' in this report.

## 1. FINANCIAL RESULTS - AN OVERVIEW

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Total Revenue	21,473.05	21,078.16	42,502.49	40,993.45
(Loss) before Tax	(950.71)	(1,371.38)	(1,930.20)	(1,928.75)
Tax Expense				
- Current Tax	-	-	-	-
- Deferred Tax	-	(37.81)	-	(37.81)
- Tax for earlier years	(555.00)	-	(555.00)	-
(Loss) After Tax	(395.71)	(1,333.57)	(1,557.30)	(1,976.92)

## 2. REVIEW OF OPERATIONS

During the year under review, Group had posted consolidated total revenue of ₹42,502.49 Lakh, an increase of around 3.7% over the previous year. A loss of ₹1,557.30 Lakh (3.7% of total revenue) was reported during the financial year under review, as compared to a loss of ₹1,976.92 Lakh (4.8% of previous year's total revenue) for the previous financial year. There are no material changes and commitments affecting the financial position of your Company which have occurred between the end on the FY 2018-19 and the date of this report.

## 3. TRANSFER TO RESERVES

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

## 4. DIVIDEND

The Directors have recommended no dividend for the year ended March 31, 2019.

## 5. SHARE CAPITAL

The paid-up equity share capital of the Company as on April 1, 2018 was ₹13,03,08,540 divided into 1,30,30,854 equity shares of ₹10/- each.

During the year under review, the Company issued and allotted 33,237 equity shares of ₹10/- each under Kaya Stock Option Plan, 2016 – Scheme I. The paid up equity share capital of the Company, therefore increased from ₹13,03,08,540 divided into 1,30,30,854 equity shares of ₹10/- each to ₹13,06,40,910 divided into 1,30,64,091 equity shares of ₹10/- as on March 31, 2019.

## 6. SUBSIDIARIES / JOINT VENTURE

During the year under review, the Joint Venture Agreement between Kaya Middle East DMCC ("KME DMCC"), a wholly owned subsidiary of your Company, with AL BEDA Medical Services K.S.C.C., Kuwait, ("AL BEDA") which was entered into to set up and operate a dermatology clinic had been terminated with effect from January 31, 2019. Al Beda ceased to be the Joint Venture of the Company from the said date. The interest of AL BEDA and KME DMCC in the joint venture was in the ratio of 51% and 49% respectively.

Further, pursuant to Section 136 of the Act, the financial statements of the Company, consolidated financial statements alongwith relevant documents and separate audited financial statements in respect of the subsidiaries, are available on the website of the Company [http://www.kaya.in/investors/#kaya\\_investors](http://www.kaya.in/investors/#kaya_investors).

## 7. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards issued by the Institute of Chartered Accountants of India and forms integral part of this report.

## Board's Report (Contd.)

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

### **8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

### **9. PUBLIC DEPOSIT**

The Company did not accept any public deposits during the year 2018-19.

### **10. MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report on the operations of the Company, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") is provided in the separate section and forms integral part of the Report.

### **11. CORPORATE GOVERNANCE**

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

### **12. EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of the Section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the extract of Annual Return of the Company for the financial year ended March 31, 2019 is given as Annexure III to this report and the same is also placed on the website of the Company.

### **13. DIRECTORS & KEY MANAGERIAL PERSONNEL**

In accordance with Section 152 of the Act, Mr. Rajendra Mariwala being liable to retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company has offered himself for re-appointment.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, proposes to re-appoint Mr. B. S. Nagesh, Mr. Nikhil Khattau and Mr. Irfan Mustafa, as Independent Directors, whose term of office expires on March 31, 2020, for a second term comprising of 5 (five) years, to hold office from April 1, 2020 upto March 31, 2025. The brief profile of the above-mentioned Directors is provided in the Notice convening the AGM.

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

During the year under review, Mr. Naveen Duggal resigned as the Chief Financial Officer of the Company, w.e.f. July 13, 2018 and Mr. Saurabh Shah was appointed as the Chief Financial Officer w.e.f. July 14, 2018. Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2019 are: Mr. Harsh Mariwala – Chairman & Managing Director, Mr. Rajiv Nair – Chief Executive Officer, Mr. Saurabh Shah – Chief Financial Officer and Ms. Nitika Dalmia – Company Secretary & Compliance Officer.

### **14. MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES**

The Board of Directors of the Company met 5 (five) times during the year to deliberate on various matters. The details of the meetings of the Board and its Committees held during the year are stated in the Corporate Governance Report forming part of this Annual Report.

### **15. PERFORMANCE EVALUATION**

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



## 16. VIGIL MECHANISM

We have embodied the mechanism in the Code of Conduct of the Company for employees to report concerns about unethical behavior, 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 and Risk Management Committee in exceptional cases and no personnel have been denied access to the Audit Committee and Risk Management Committee. The Board and the Audit and Risk Management Committee are informed periodically on the cases reported, if any, and the status of resolution of such cases.

## 17. POLICY ON NOMINATION AND REMUNERATION

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

## 18. RELATED PARTY TRANSACTIONS

All the transactions with the related parties entered into during the financial year 2018-19 were at arm's length and in the ordinary course of business and in accordance with the provisions of the Act and the Rules made thereunder. There were no transactions which were material (considering the materiality thresholds prescribed under the Act and Regulation 23 of the Listing Regulations). Accordingly, no disclosure is made in respect of the Related Party Transactions in the prescribed Form AOC-2 in terms of Section 134 of the Act.

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

## 19. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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

## 20. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- i. that in the preparation of the annual financial statements for the year ended March 31, 2019, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. 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, 2019 and of the loss of your Company for the said year;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a 'going concern' basis;
- v. 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;
- vi. that proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

## 21. AUDITORS

### i. Statutory Auditors

Your Company had appointed M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company for a period of 5 (five) consecutive years at the 14<sup>th</sup> AGM

## Board's Report (Contd.)

of the Company, held on August 2, 2017, to hold office from the conclusion of the 14<sup>th</sup> AGM till the conclusion of 19<sup>th</sup> AGM and their appointment was subject to ratification by the Members at every subsequent AGM held after the 14<sup>th</sup> AGM.

However, pursuant to the amendments made to Section 139 Act, by the Companies (Amendment) Act, 2017, effective from May 7, 2018, the requirement of seeking ratification of the members for appointment of Statutory Auditors has been withdrawn. In view of the same, the ratification of members for continuance of M/s. B S R & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company, is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as the Statutory Auditors.

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

### ii. Internal Auditors

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

### iii. Secretarial Auditors

Pursuant to Section 204 of the Act, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company appointed M/s Magia Halwai & Associates, Practising Company Secretaries, Mumbai, to conduct the Secretarial Audit of your Company. The Secretarial Audit Report for FY 2018-19 is enclosed as Annexure IV to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## 22. RISK MANAGEMENT

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

## 23. INTERNAL FINANCIAL CONTROLS

The Company's internal financial control systems comprising Corporate Governance Policies, roles, responsibilities and authorities, standard operating procedures and ERP are reviewed by the Management.

The Internal Controls over Financial Reporting are routinely tested and certified by Statutory Auditors to cover all offices, factories and key business areas. External firms were engaged to cover the internal audit reviews and the reviews were performed based on the risk-based internal audit plan approved by the Audit and Risk Management Committee of the Company and they are also reported about the significant audit observations and follow up actions thereon. The Audit and Risk Management Committee periodically reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

## 24. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The statutory provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company as on March 31, 2019.

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

## 25. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Disclosure required under section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure V and forms an integral part of this Report.

The details of top 10 employees in terms of remuneration drawn and particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in the separate annexure forming part of this report. The annual report is sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection by Members at the Registered Office of the Company, 21 days before the date of the ensuing Annual General Meeting during business hours on working days. Any member interested in obtaining a copy of the same may write to the Company Secretary.

## **26. EMPLOYEES' STOCK OPTION SCHEME**

### **KAYA EMPLOYEE STOCK OPTION PLAN, 2016**

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

#### **i. KAYA ESOP 2016 – SCHEME I**

Nomination and Remuneration Committee of the Board of Directors through a circular resolution passed on August 23, 2016 had approved the Kaya ESOP 2016 - Scheme I. Total of 2,53,893 stock options were granted under the said Scheme to the eligible employees of the Company and its Subsidiaries. During the year under review, 33,237 stock options were exercised under this scheme.

#### **ii. KAYA ESOP 2016 – SCHEME II**

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

#### **iii. KAYA ESOP 2016 – SCHEME III**

The Nomination and Remuneration Committee of the Board of Directors through a circular resolution passed on June 28, 2017 had approved the Kaya ESOP 2016 - Scheme III. 14,700 stock options were granted under this Scheme to the eligible employees of the Company on June 28, 2017 and 25,118 additional options were granted on May 21, 2018 to the eligible employees of the Company and its subsidiaries. The vesting date for the options granted under this Scheme is March 31, 2020.

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

## **27. 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 for review of matters related to sexual harassment at workplace. The details of complaints received and disposed off during the year is mentioned in the Corporate Governance Report, which forms an integral part of this Report.

## **28. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **Conservation of Energy**

Your company emphasizes of conservation of energy as its responsibility towards the environment and society at large. Your Company ensures that its products, services and operations are safe for consumers, employees and the

## Board's Report (Contd.)

environment. Your Company ensures this with a focus on technology, processes and improvements that matter for environment. These include reduction in power consumption, optimal water usage and eliminating excess use of paper.

### Technology Absorption

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

### Foreign Exchange Earnings and Outgo

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

Foreign exchange earnings and Outgo	2018-19	2017-18
	(₹ in Lakh)	(₹ in Lakh)
1. The Foreign Exchange earned in terms of actual inflows during the year.	323	854
2. The Foreign Exchange outgo during the year in terms of actual outflows.	1,133	575

## 29. COMPLIANCE WITH SECRETARIAL STANDARDS

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

## 30. ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Place: Mumbai  
Date: May 7, 2019

**Harsh Mariwala**  
Chairman & Managing Director



# Annexure I to the Board's Report

## Form AOC -1

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

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

#### Part - "A": Subsidiaries

Sr. No.	Name of the subsidiary	Reporting Period	Reporting Currency	Exchange Rate (Balance sheet)	Exchange Rate (Profit & loss)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend	% of Shareholding
1	KME Holdings Pte. Ltd.	March 31, 2019	SGD	51.13	51.34	194.81	-11.89	194.25	194.25	194.18	-	-1.09	-	-1.09	NIL	100%
			INR			9,960.21	-607.80	9,931.98	9,931.98	9,928.35			-55.78	-	-55.78	
2	Kaya Middle East DMCC	March 31, 2019	AED	18.82	18.90	0.50	-44.52	300.01	300.01	238.16	17.64	-47.20	-	-47.20	NIL	100%
			INR			9.41	-837.87	5,645.73	5,645.73	4,481.83	335.15	-896.58	-	-896.58		
3	Kaya Middle East FZE	March 31, 2019	AED	18.82	18.90	556.00	-309.57	677.99	677.99	-	1,002.23	-4.88	-	-4.88	NIL	100%
			INR			10,463.14	-5,825.76	12,758.83	12,758.83	-	19,037.35	-92.77	-	-92.77		
4	IRIS Medical Centre LLC	March 31, 2019	AED	18.82	18.90	1.50	11.85	20.75	20.75	-	12.93	-5.00	-	-5.00	NIL	85%
			INR			28.23	223.04	390.52	390.52	-	245.60	-94.96	-	-94.96		
5	Minal Specialised Centre Dermatology LLC	March 31, 2019	AED	18.82	18.90	3.00	1.10	13.12	13.12	-	40.66	0.41	-	0.41	NIL	75%
			INR			56.46	20.74	246.88	246.88	-	772.33	7.87	-	7.87		
6	Minal Medical Centre LLC	March 31, 2019	AED	18.82	18.90	3.00	7.65	23.37	23.37	-	60.79	10.82	-	10.82	NIL	75%
			INR			56.46	144.05	439.76	439.76	-	1,154.75	205.55	-	205.55		

#### Notes:

1. % of Shareholding includes direct and indirect holding through subsidiary.
2. The amounts given in the table above are from the Annual Accounts made for the respective financial year end for each of the Companies.
3. The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies have been based on the exchange rates as on March 31, 2019.

#### For and on behalf of the Board of Directors

Harsh Mariwala  
Chairman and Managing Director

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

Rajiv Nair  
Chief Executive Officer

Saurabh Shah  
Chief Financial Officer

Nitika Dalmia  
Company Secretary & Compliance Officer

Place : Mumbai  
Date : May 7, 2019

# Annexure I to the Board's Report

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

### Part - "B": Associates and Joint Venture

Name of Joint Venture	Kaya AI Beda JV
<b>1 Latest audited Balance sheet</b>	March 31, 2019
<b>2 Shares of Associate/ Joint Ventures held by the Company on the year end</b>	
No.	-
Amount of Investment in Associates/Joint Venture	-
Extend of Holding %	49% (till January 31, 2019)
<b>3 Description of how there is significant influence</b>	Joint venture agreement
<b>4 Reason why the associate/joint venture is not consolidated</b>	NA
<b>5 Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakh)</b>	-
<b>6 Profit / (Loss) for the year</b>	
(i) Considered in Consolidation (₹ in Lakh)	(182.10)
(ii) Not Considered in Consolidation (₹ in Lakh)	-

Note: The Joint Venture Agreement executed between Kaya Middle East DMCC and AI Beda Medical Services K.S.C.C., Kuwait is terminated with effect from January 31, 2019.

### For and on behalf of the Board of Directors

Harsh Mariwala  
Chairman and Managing Director

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

Rajiv Nair  
Chief Executive Officer

Saurabh Shah  
Chief Financial Officer

Nitika Dalmia  
Company Secretary & Compliance Officer

Place : Mumbai  
Date : May 7, 2019

## **Annexure II to the Board's Report**

### **Corporate Governance Report**

The Directors present the Report on Corporate Governance of Kaya Limited (the "Company") for the year ended March 31, 2019, in terms with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

#### **PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

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

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

Kaya follows Corporate Governance Practices around the following philosophical keystones:

#### **Transparency**

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

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

#### **Constructive Separation of Ownership and Management**

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

The participation of the Senior Management is encouraged at Board and Committee meetings so that the Board/ Committees can seek and get explanations as required from them. All Directors, Promoters and Designated Persons

## Annexure II to the Board's Report

### Corporate Governance Report (Contd.)

are required to comply with Kaya Limited Employees (Trading in Securities & Prevention of Insider Trading) Rules, 2015, as amended from time to time ("Kaya Insider Trading Rules, 2015"). Further, the Company's Internal, Statutory and Secretarial Auditors are not related to any of your Company's Directors.

#### **Accountability**

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

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

#### **Discipline and Fairness**

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

#### **Social Awareness**

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

#### **Corporate Governance**

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

#### **BOARD OF DIRECTORS**

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

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

The details of Director (s) retiring or being re-appointed are given in the Notice to the Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 (the "Act") and Regulation 16(1) (b) of the Listing Regulations.

Further, the Board has identified the following skill set with reference to its Business and Industry which are available with the Board:-

Global Business	Experience in driving the business success in the market with an understanding of diverse business environment, economic conditions, cultures, regulatory framework and market opportunities.
Strategy & Planning	Identification & appreciation of long term trends, strategic choices and key decision making process
Operations & Process Optimization	Build brand awareness, enhance reputation of the brand, capital allocation and financial reporting processes
Governance	Experience in developing better governance practices, serving the best interest of all the stakeholders and driving corporate ethics and values.

### Board Meetings

Five Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2019 are as follows:

May 4, 2018;  
June 26, 2018;  
August 3, 2018;  
November 2, 2018; and  
February 6, 2019.

Attendance of each Director at the Board meetings held between April 1, 2018 to March 31, 2019 and at the last Annual General Meeting (AGM), is given below:

Name of the Director & DIN	Category	No. of Board Meetings		Attendance at last AGM held on August 3, 2018
		Held	Attended	
Mr. Harsh Mariwala (00210342)	Chairman & Managing Director (Promoter)	5	5	Yes
Mr. Rajendra Mariwala (00007246)	Non-Executive Non-Independent Director (Member of Promoter Group)	5	3	No
Ms. Ameera Shah (00208095)	Independent Director	5	4	Yes
Mr. B. S. Nagesh (00027595)	Independent Director	5	4	Yes
Mr. Nikhil Khattau (00017880)	Independent Director	5	4	Yes
Mr. Irfan Mustafa (07168570)	Independent Director	5	3	No

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



## Annexure II to the Board's Report

### Corporate Governance Report (Contd.)

Further, the number of Board/Committees of other companies in which the Director is a member or chairperson alongwith his Directorship in other listed entities as on March 31, 2019 is as under: -

Name of Director	Directorships in other Public Limited Companies (*)	Number of Memberships in Board Committees of Other Companies (**)	Number of Chairmanships in Board Committees of Other Companies (**)	List of Directorship held in other Listed Companies & Category of Directorship
Mr. Harsh Mariwala	7	1	-	<ul style="list-style-type: none"> <li>• Marico Limited (Chairman &amp; Non – Executive Director)</li> <li>• L &amp; T Finance Holdings Limited*** (Independent Director)</li> <li>• Thermax Limited (Independent Director)</li> <li>• Zensar Technologies Limited (Independent Director)</li> <li>• JSW Steel Limited (Additional Independent Director)</li> </ul>
Mr. Rajendra Mariwala	3	3	-	<ul style="list-style-type: none"> <li>• Marico Limited (Non – Executive Director)</li> <li>• Patspin India Limited (Independent Director)</li> </ul>
Ms. Ameera Shah	3	3	-	<ul style="list-style-type: none"> <li>• Torrent Pharmaceuticals Limited (Independent Director)</li> <li>• Shoppers Stop (Independent Director)</li> </ul>
Mr. B. S. Nagesh	3	2	-	<ul style="list-style-type: none"> <li>• Shoppers Stop (Chairman &amp; Non – Executive Director)</li> <li>• Marico Limited (Independent Director)</li> </ul>
Mr. Irfan Mustafa	-	-	-	-
Mr. Nikhil Khattau	1	2	2	<ul style="list-style-type: none"> <li>• Marico Limited (Independent Director)</li> </ul>

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

\*\*Membership of Committee only includes Audit Committee and Stakeholders' Relationship Committee in Indian Public companies.

\*\*\* Mr. Harsh Mariwala resigned as an Independent Director of L & T Finance Holdings Limited w.e.f. closing of business hours of March 31, 2019.

#### Meeting of Independent Directors

During the year under review, a separate meeting of the Independent Directors was held on February 6, 2019, in accordance with the provisions of the Act and Listing Regulations.

#### Familiarisation Programme for Directors

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

#### Board Evaluation

In terms of applicable provisions of the Act and Listing Regulations, the Board of Directors carried out the annual performance evaluation of the Directors including Independent Directors, Committees and the Board as a whole,

through means of a structured questionnaire. The questionnaire includes various aspects of functioning of the Board and Committee such as its composition, expertise, information flow, performance of specific duties, governance issues, etc. and performance of individual directors on parameters such as attendance, contribution, expertise and independent judgement. The evaluation result and feedback were collated and reviewed for identifying areas of improvement. The Directors have expressed their satisfaction with the process.

#### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Audit and Risk Management Committee presently comprises of three Independent Directors viz., Mr. Nikhil Khattau, Mr. B. S. Nagesh and Ms. Ameera Shah. Mr. Nikhil Khattau is the Chairman of the Committee. Mr. Harsh Mariwala is the Permanent Invitee to the Committee. The Company Secretary of the Company is the Secretary to the Committee.

The constitution of the Committee meets the requirements as laid down under Section 177 of the Act and of Regulation 18 of the Listing Regulations.

The powers, role and terms of reference of the Committee covers the areas as contemplated under Regulation 18(3) of the Listing Regulations and Section 177 of the Act 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; reviewing the functioning of the whistle-blower mechanism, and reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary (whichever is lower).

The Audit and Risk Management Committee met 4 (Four) times during the year viz., May 4, 2018, August 3, 2018, November 2, 2018 and February 6, 2019. The attendance of each Member of the Committee is given below:

Names of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. Nikhil Khattau	Chairman	4	4
Mr. BS Nagesh	Member	4	4
Ms. Ameera Shah	Member	4	3

#### **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee presently comprises of three Directors viz., Mr. B S Nagesh, Mr. Rajendra Mariwala and Mr. Irfan Mustafa. Mr. B. S. Nagesh is the Chairman of the Committee. Mr. Harsh Mariwala is the Permanent Invitee to the Committee. The Company Secretary of the Company is the Secretary to the Committee.

The constitution of the Committee meets the requirements as laid down under Section 178 of the Act and of Regulation 19 of the Listing Regulations.

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

1. formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. formulating criteria for evaluation of Independent Directors and the Board;
3. devising a policy on Board diversity;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. framing the Employees Share Purchase Scheme (ESPS)/ Employees Stock Option Scheme (ESOS) for the employees

## Annexure II to the Board's Report

### Corporate Governance Report (Contd.)

of the Company and of its subsidiary companies; and recommending the same to the Board/shareholders for their approval and implementing the Scheme approved by the shareholders and suggesting to Board/shareholders changes in the ESPS/ESOS;

6. framing and implementing, on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors, including ESPS / ESOP, pension rights and any compensation payment;
7. allotment of shares upon exercise of vested options pursuant to the grants under the ESPS / ESOP;
8. recommend to the board, all remuneration, in whatever form, payable to senior management
9. any other matter(s) as may be recommended by the Board of Directors.

The Nomination & Remuneration Committee met 4 (Four) times during the year viz., May 4, 2018, August 3, 2018, November 2, 2018 and February 6, 2019. The attendance of each Member of the Committee is given below:

Names of the Director	Nature of Membership	Number of Meetings	
		Held	Attended
Mr. B.S. Nagesh	Chairman	4	4
Mr. Rajendra Mariwala	Member	4	3
Mr. Irfan Mustafa	Member	4	3

#### Remuneration to Executive Director

The Company's Board comprises of only one Executive Director, namely, Mr. Harsh Mariwala, the Chairman & Managing Director of the Company. Mr. Harsh Mariwala was not paid any remuneration or sitting fees for the Financial Year ended March 31, 2019.

#### Remuneration to Non-Executive Directors

The Details of remuneration paid to the Non-Executive Directors/Independent Directors for the Financial Year ended March 31, 2019 is as follows:-

Name of the Director	Sitting Fees (Amount in ₹)
Mr. Rajendra Mariwala	₹ 4,50,000/-
Ms. Ameera Shah	₹ 5,50,000/-
Mr. B. S. Nagesh	₹ 8,00,000/-
Mr. Irfan Mustafa	₹ 4,50,000/-
Mr. Nikhil Khattau	₹ 6,50,000/-

#### Shareholding of Non-Executive Directors

Name of Non-Executive Director	Number of Shares held of the Company (as on March 31, 2019)
Mr. Rajendra Mariwala	1,19,543
Ms. Ameera Shah	2,920
Mr. B.S. Nagesh	Nil
Mr. Irfan Mustafa	Nil
Mr. Nikhil Khattau	Nil
<b>Total</b>	<b>1,22,463</b>

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Owing to the resignation of Mr. Naveen Duggal as the Chief Financial Officer of the Company, he ceased to be a member of the Committee with effect from July 13, 2018, and pursuant to the appointment of Mr. Saurabh Shah as the Chief Financial Officer of the Company with effect from July 14, 2018, he was further appointed as a member of the Committee w.e.f. August 3, 2018.

The Stakeholders' Relationship Committee, as on March 31, 2019, comprises of Mr. Nikhil Khattau, Mr. Rajiv Nair – Chief Executive Officer and Mr. Saurabh Shah – Chief Financial Officer. Mr. Nikhil Khattau is the Chairman of the Committee. The Company Secretary of the Company is the Secretary to the Committee.

However, pursuant to the amendment in Regulation 20 of the Listing Regulations, the Stakeholders' Relationship Committee was re-constituted w.e.f. April 1, 2019, comprising, Mr. Nikhil Khattau, Mr. Harsh Mariwala and Mr. B. S. Nagesh, Directors of the Company. Mr. Nikhil Khattau is the Chairman of the Committee. The Company Secretary of the Company is the Secretary to the Committee.

The constitution of the Committee meets the requirements as laid down under Section 178 of the Act and of Regulation 20 of the Listing Regulations.

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

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports / statutory notices by the shareholders of the Company;
5. To recommend measures for overall improvement in the quality of services to the investors; and
6. To oversee the performance of the Registrar and Transfer Agent of the Company.

The Stakeholders' Relationship Committee met once during the year viz., February 6, 2019. The attendance of each Member of the Committee is given below:

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

#### **Status Report of Investors complaints for the year ended March 31, 2019:**

During the Financial Year 2018-19, only one complaint was received from the shareholder of the Company and the same was resolved before the year end. As on March 31, 2019, there were no outstanding complaints from the investors.

No. of Complaints Received	-	1
No. of Complaints Resolved	-	1
No. of Complaints Pending	-	Nil

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

#### **OTHER COMMITTEES**

##### **A. INVESTMENT, BORROWING AND ADMINISTRATIVE COMMITTEE**

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

The Committee presently comprises of Mr. Harsh Mariwala, Chairman of the Company, Mr. Rajiv Nair, Chief Executive Officer and Mr. Saurabh Shah, Chief Financial Officer. Mr. Harsh Mariwala is the Chairman of the Committee.

## Annexure II to the Board's Report

### Corporate Governance Report (Contd.)

Owing to the resignation of Mr. Naveen Duggal, with effect from July 13, 2018, he ceased to be a member of the Committee and Mr. Saurabh Shah was appointed as a member of the Committee w.e.f. August 3, 2018. The Company Secretary of the Company is the Secretary to the Committee.

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

#### B. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

#### • GENERAL BODY MEETINGS

##### Annual General Meetings

Date & Time	Venue	Nature of Special Resolutions Passed
August 4, 2016 9:30 a.m.	Dr. R. H. Patil Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	1. Re - Appointment of Mr. Harsh Mariwala as the Chairman and Managing Director of the Company. 2. Approval of Kaya Employee Stock Option Plan, 2016 for employees of the Company. 3. Approval of Kaya Employee Stock Option Plan, 2016 for employees of the Subsidiaries of the Company.
August 2, 2017 4:30 p.m.	Indian Education Society, Manik Sabhagriha, M.D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Bandra (West) Mumbai – 400 050	None
August 3, 2018 4:30 p.m.	Indian Education Society, Manik Sabhagriha, M.D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Bandra (West) Mumbai – 400 050	1. Re - Appointment of Ms. Ameera Shah as the Independent Director of the Company

##### Details of Postal Ballot

No special resolution was required to be passed by the shareholders of the Company through postal ballot during the Financial Year 2018-19, and there is no proposal to pass any special resolution by postal ballot.

##### AFFIRMATIONS & DISCLOSURES

- There were no material related party transactions entered by the Company during the Financial Year 2018-19. The Company has formulated a policy on related party transactions and the said policy is disclosed on the website of the Company at <http://kaya.in/investorrelations/corporategovernance>



- There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.
- The Board of Directors have established vigil mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our Code of Conduct. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases and no personnel have been denied access to the Audit Committee. The Board and its Audit Committee are informed periodically on the cases reported, if any and the status of resolution of such cases.
- The Company has formulated a policy for determining the Material Subsidiaries and the policy is disclosed on the website of the Company at <http://kaya.in/investorrelations/corporategovernance>
- The Company's Code of Conduct is applicable to all members viz. the employees (whether permanent or not) and members of the Board. The Code of Conduct also suitably incorporates the duties of Independent Directors as laid down in the Act. The Code of Conduct and other governance related information is available on Company's website: [www.kaya.in](http://www.kaya.in)
- All the members of the Board and the Senior Management have affirmed their compliance with the Code of Conduct as on March 31, 2019 and a declaration to this effect signed by the Chairman & Managing Director and the Chief Executive Officer has been annexed to this Report.
- Pursuant to Regulation 34(3) and Schedule V of the Listing Regulations, your Company has obtained a certificate from the Statutory Auditors regarding Compliance of conditions of Corporate Governance and the same is annexed to this Corporate Governance Report.
- Pursuant to Regulation 32(7A) of the Listing regulations, no funds were raised by the Company through preferential allotment or qualified institutions placement.
- Your Company has obtained certificate from a Company Secretary in Practice stating that none of the Directors of the Company are debarred or disqualified from being re-appointed or continuing as Directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority.
- The details of total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follows:

Particulars	Amount (In ₹)
Audit Fees	28,50,000
Other Services	11,75,000
Transfer Pricing & Tax Audit	3,75,000
Re-imbursment of out-of-pocket expenses	2,97,269
<b>Total</b>	<b>46,97,269</b>

- The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-19 are as under:

Number of complaints filed during the financial year	-	1
Number of complaints disposed of during the financial year	-	1
Number of complaints pending as on end of the financial year	-	Nil
- Since, there are no debt instruments or any fixed deposit programme or any scheme or proposal of the Company involving mobilization of funds, whether in India or abroad, the Company was not required to obtain any credit ratings.

#### **Compliance with Discretionary Requirements under Listing Regulations**

- The Company complies with all the mandatory requirements prescribed under the Listing Regulations.
- The auditors have issued an unmodified opinion on the financial statements of the Company.

## Annexure II to the Board's Report

### Corporate Governance Report (Contd.)

- The office of Chairman cum Managing Director & CEO is held by distinct individuals.
- The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

#### MEANS OF COMMUNICATION

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

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

The Annual Report, Quarterly Shareholding Pattern, Intimation of the Board Meetings, Disclosures under Regulation 30 of the Listing Regulations and other quarterly, half yearly and yearly compliances, are duly filed with the Stock Exchanges through BSE Listing Centre and NSE Electronic Application Processing System (NEAPS) and also disseminated by the Stock Exchanges on their websites, namely; [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

#### GENERAL SHAREHOLDER INFORMATION

##### Annual General Meeting

Date	: August 2, 2019
Time	: 9:00 a.m.
Venue	: Mumbai Educational Trust, 1 <sup>st</sup> Floor, Convention Centre, Bandra Reclamation, Bandra (West), Mumbai - 400 050
Dividend payment	: No dividend was declared/ paid during the year under review.
Financial Year	: April 1 - March 31
Tentative Schedule for declaration of financial results during the financial year 2019-20	
First Quarter	: First week of August, 2019
Second Quarter	: Last week of October, 2019
Third Quarter	: Last week of January, 2020
Fourth Quarter	: First week of May, 2020

##### Listing Details

Name of Stock Exchange	Stock/ Scrip Code	Address	Date of Listing
BSE Limited	539276	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, 400001. Phone: 022 2272 1234	August 14, 2015
The National Stock Exchange of India Limited (NSE)	KAYA	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai- 400051. Phone: 022 2659 8100	August 14, 2015

Listing Fees for the financial year 2019-20 have been paid to BSE Limited and National Stock Exchange of India Limited, where the Company's Equity Shares continue to be listed.

ISIN	INE587G01015
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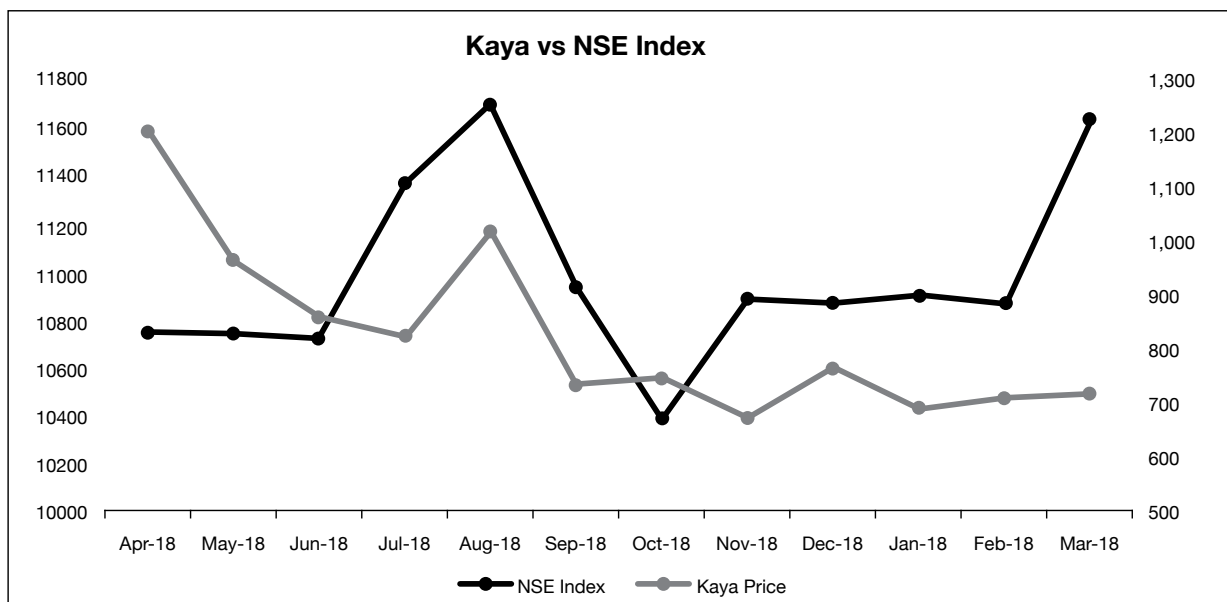
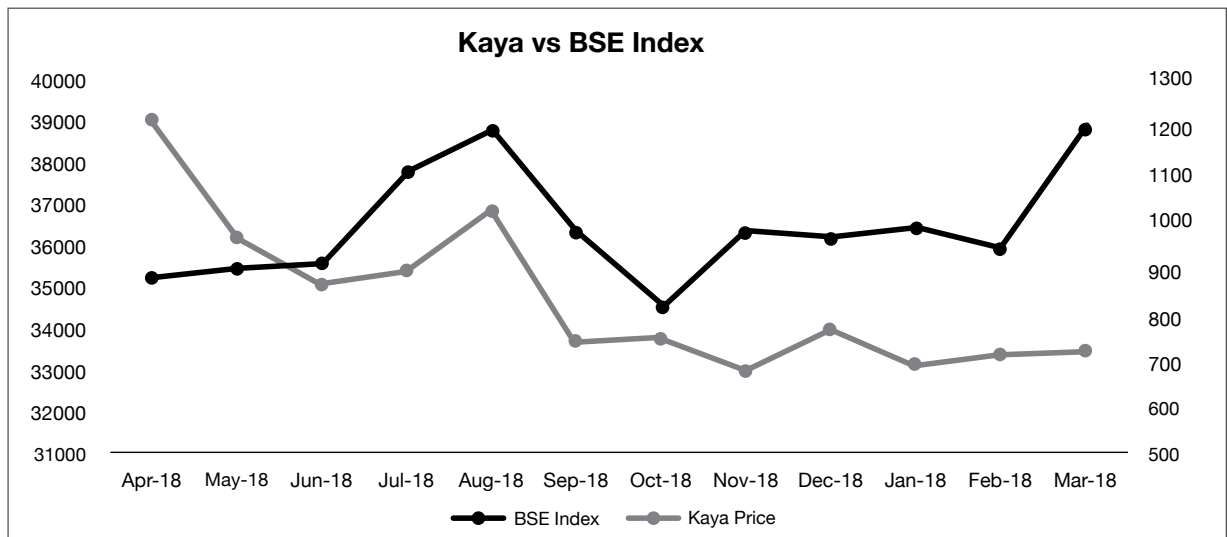
##### Market Price Data

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April, 2018	1234.60	969.85	1233.80	966.60
May, 2018	1237.95	957	1238.90	958.05
June, 2018	1009.95	823	1010.90	830.25

July, 2018	916.55	834.60	921	833
August, 2018	1081.95	868	1083.95	865
September, 2018	1037.80	687.65	1038	681.85
October, 2018	781	652	765.35	653.70
November, 2018	847.55	666.30	858.80	665.20
December, 2018	797.85	617.35	798.85	616.75
January, 2019	810	673.25	771.05	675
February, 2019	748.90	647.50	756.95	648.70
March, 2019	800.50	660	798.60	661.65

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

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



## Annexure II to the Board's Report

### Corporate Governance Report (Contd.)

#### Registrar & Transfer Agents

M/s Link Intime India Private Limited

(Unit: Kaya Limited), C101, 247Park, LBS Marg, Vikhroli (West), Mumbai - 400 083.

#### Share Transfer System

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

All requests for dematerialisation of shares are processed and the confirmation is given to respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited, generally within 21 days, except 30 days in last quarter as temporarily amended by Securities and Exchange Board of India vide its letters dated January 24, 2019 to the Depositories.

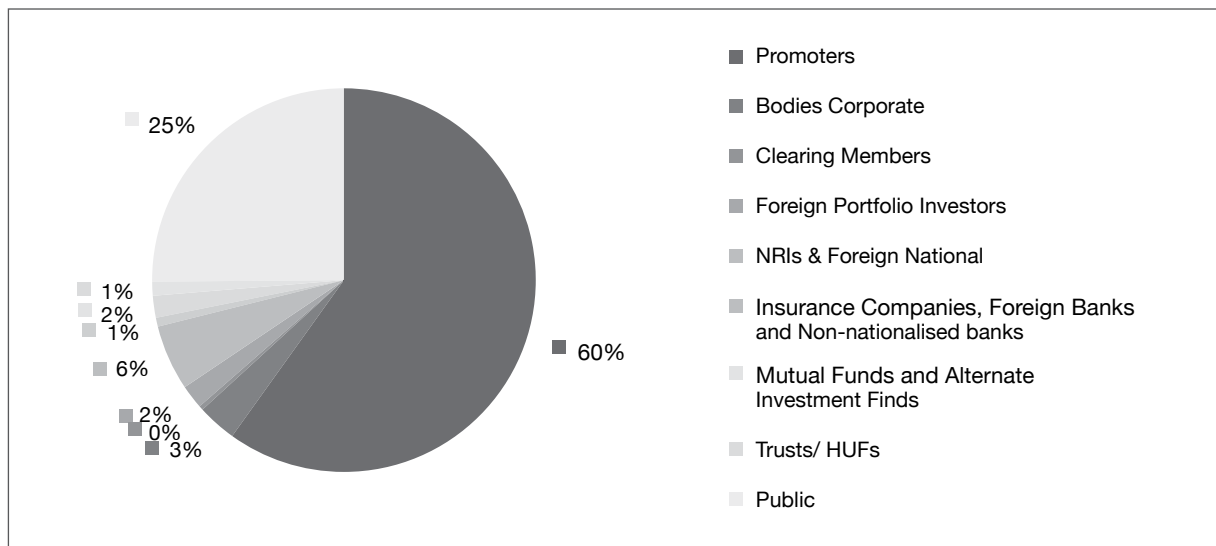
SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019, unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

#### Distribution of Shareholding as on March 31, 2019

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	24915	92.96	1365309	10.45
501-1000	1269	4.74	884679	6.77
1001-2000	339	1.26	482635	3.69
2001-3000	94	0.35	238419	1.83
3001-4000	46	0.17	161739	1.24
4001-5000	29	0.11	135025	1.03
5001-10000	46	0.17	313074	2.40
10001 & above	64	0.24	9483211	72.59
<b>Total</b>	<b>26802</b>	<b>100.00</b>	<b>13064091</b>	<b>100.00</b>

#### Categories of Shareholding as at March 31, 2019

Category	No. of Shares Held	% of shareholding
Promoters	7828924	59.93
Bodies Corporate	447348	3.42
Clearing Members	29252	0.22
Foreign Portfolio Investors	258668	1.98
NRIs	723477	5.54
Insurance Companies, Foreign Banks and Non-nationalized banks	102559	0.79
Mutual Funds and Alternate Investment Funds	234977	1.80
Trusts/ HUFs	168875	1.29
Public	3268911	25.02
Foreign National	1100	0.01
<b>Total</b>	<b>13064091</b>	<b>100.00</b>



**Dematerialization of Shares and Liquidity**

As on March 31, 2019, 99.91% of shareholding was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

**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 during the year under review.

**Disclosure of commodity price risk and commodity hedging activities**

Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company’s approach to manage currency risk is to leave the Company with no material residual risk. Based on materiality, foreign exchange transactions are fully covered with limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially uncovered exchange rate risks in the context of the Company’s imports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on March 31, 2019 are disclosed in Note 34(C)(i) to the Standalone Financial Statements & Note 35(C)(i) to the Consolidated Financial Statements.

**Plant Locations**

1. Gat No. 112/2, A/P – Nasarapur, Tal. Bhor, District Pune 412 213
2. Survey No. 69/4/2, Village Athal, Silvassa 396 230
3. 56, sector IIDC, IIE, Pantnagar, SIDCUL, District Udham Singh Nagar, Uttarakhand – 263 153

**Address for Correspondence**

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

Place: Mumbai  
 Date: May 7, 2019

**Harsh Mariwala**  
**Chairman & Managing Director**



## **Annexure II to the Board's Report**

### **Corporate Governance Report (Contd.)**

## **DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT**

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

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

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

**For and on behalf of the Board,**

**Harsh Mariwala**  
**Chairman & Managing Director**

**Rajiv Nair**  
**Chief Executive Officer**

Place : Mumbai  
Date : May 7, 2019

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

To the Members of  
Kaya Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 5 October 2018.
2. This report contains details of compliance of conditions of corporate governance by Kaya Limited ('the Company') for the year ended 31 March 2019 as stipulated in Regulations 17-27, clause (b) to (j) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations") pursuant to the Listing Agreement of the Company with Stock exchanges.

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

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

### **Auditors' Responsibility**

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March 2019.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### **Opinion**

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

### **Restriction on use**

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

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

Place : Mumbai  
Date : 7 May 2019

**Rajesh Mehra**  
**Partner**  
**Membership No: 103145**  
**UDIN: 19103145AAAAAU6179**

# Annexure III to the Board's Report

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN as on financial year ended March 31, 2019

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

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L85190MH2003PLC139763
ii	Registration Date	March 27, 2003
iii	Name of the Company	Kaya Limited
iv	Category/Sub-category of the Company	Category: Company limited by shares Sub-Category: Non – government Company.
v	Address of the Registered office & contact details	23/C, Mahal Industrial Estate, Mahakali Caves Road, Near Paperbox Lane, Andheri (East), Mumbai – 400 093. Tel. : (+91-22) 6619 5000 Fax.: (+91-22) 6619 5050
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 Tel: (+91-22) 4918 6000 Fax: (+91-22) 4918 6060 Website: www.linkintime.co.in E-mail address: rnt.helpdesk@linkintime.co.in

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

#### III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	KME Holdings Pte. Ltd.	NA	Subsidiary	100	2(87)
2	Kaya Middle East FZE	NA	Subsidiary	100	2(87)
3	Kaya Middle East DMCC	NA	Subsidiary	100	2(87)
4	Iris Medical Centre LLC	NA	Subsidiary	85	2(87)
5	Minal Medical Centre LLC	NA	Subsidiary	75	2(87)
6	Minal Specialized Clinic Dermatology LLC	NA	Subsidiary	75	2(87)
7	Kaya Al Bada JV*	NA	Joint Venture	49	2(6)

\* Kaya Al Bada JV ceased to be the joint venture of the Company w.e.f. January 31, 2019

**IV SHAREHOLDING PATTERN (Equity Share Capital Break up as Percentage of Total Equity)****(i) CATEGORY WISE SHAREHOLDING**

Sr No	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	
<b>A. PROMOTER AND PROMOTER GROUP SHAREHOLDING</b>										
<b>(1) Indian</b>										
(a)	Individuals / Hindu Undivided Family	7634484	0	7634484	58.59	7634484	0	7634484	58.44	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Bodies Corporate	176440	0	176440	1.35	176440	0	176440	1.35	0.00
	<b>Sub Total (A)(1)</b>	<b>7810924</b>	<b>0</b>	<b>7810924</b>	<b>59.94</b>	<b>7810924</b>	<b>0</b>	<b>7810924</b>	<b>59.79</b>	<b>0.00</b>
<b>(2) Foreign</b>										
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	18000	0	18000	0.14	18000	0	18000	0.14	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (A)(2)</b>	<b>18000</b>	<b>0</b>	<b>18000</b>	<b>0.14</b>	<b>18000</b>	<b>0</b>	<b>18000</b>	<b>0.14</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>7828924</b>	<b>0</b>	<b>7828924</b>	<b>60.08</b>	<b>7828924</b>	<b>0</b>	<b>7828924</b>	<b>59.93</b>	<b>0.00</b>
<b>B. PUBLIC SHAREHOLDING</b>										
<b>(1) Institutions</b>										
(a)	Mutual Funds / UTI	417828	0	417828	3.21	0	0	0	0.00	-3.20
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	166054	0	166054	1.27	234977	0	234977	1.80	0.53
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	282686	100	282786	2.17	258568	100	258668	1.98	-0.18
(f)	Financial Institutions / Banks	15909	0	15909	0.12	12720	0	12720	0.10	-0.02
(g)	Insurance Companies	94060	0	94060	0.72	84663	0	84663	0.65	-0.07
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Foreign Bank	60	0	60	0.00	60	0	60	0.00	0.00
	<b>Sub Total (B)(1)</b>	<b>976597</b>	<b>100</b>	<b>976697</b>	<b>7.50</b>	<b>590988</b>	<b>100</b>	<b>591088</b>	<b>4.52</b>	<b>-2.95</b>

## Annexure III to the Board's Report (Contd.)

Sr No	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	
<b>(2)</b>	<b>Central Government/ State Government(s)/ President of India</b>									
	<b>Sub Total (B)(2)</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>(3)</b>	<b>Non-Institutions</b>									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	2408598	13095	2421693	18.58	2558931	10533	2569464	19.67	1.13
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	638867	0	638867	4.90	699447	0	699447	5.35	0.46
(b)	NBFCs registered with RBI	0	0	0	0.00	5116	0	5116	0.04	0.04
(c)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Trusts	100	0	100	0.00	100	0	100	0.00	0.00
	Foreign Nationals	1000	0	1000	0.01	1100	0	1100	0.01	0.00
	Hindu Undivided Family	141707	0	141707	1.09	168775	0	168775	1.29	0.21
	Non Resident Indians (Non Repat)	146789	0	146789	1.13	193471	0	193471	1.48	0.36
	Non Resident Indians (Repat)	427826	6	427832	3.28	530000	6	530006	4.06	0.78
	Clearing Member	58191	0	58191	0.45	29252	0	29252	0.22	-0.22
	Bodies Corporate	388294	760	389054	2.99	446588	760	447348	3.42	0.45
	<b>Sub Total (B)(3)</b>	<b>4211372</b>	<b>13861</b>	<b>4225233</b>	<b>32.42</b>	<b>4632780</b>	<b>11299</b>	<b>4644079</b>	<b>35.55</b>	<b>3.21</b>
	<b>Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>5187969</b>	<b>13961</b>	<b>5201930</b>	<b>39.92</b>	<b>5223768</b>	<b>11399</b>	<b>5235167</b>	<b>40.07</b>	<b>0.25</b>
	<b>Total (A)+(B)</b>	<b>13016893</b>	<b>13961</b>	<b>13030854</b>	<b>100.00</b>	<b>13052692</b>	<b>11399</b>	<b>13064091</b>	<b>100.00</b>	<b>0.25</b>
<b>C.</b>	<b>NON PROMOTER - NON PUBLIC SHAREHOLDING</b>									
(1)	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total (A)+(B)+(C)</b>	<b>13016893</b>	<b>13961</b>	<b>13030854</b>	<b>100.00</b>	<b>13052692</b>	<b>11399</b>	<b>13064091</b>	<b>100.00</b>	<b>0.25</b>



**(ii) SHARE HOLDING OF PROMOTERS**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year		
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares
1	Harsh C Mariwala with Kishore V Mariwala for Acquarius Family Trust	1467520	11.26	-	1467520	11.23	-
2	Harsh C Mariwala with Kishore V Mariwala for Gemini Family Trust	1467520	11.26	-	1467520	11.23	-
3	Harsh C Mariwala with Kishore V Mariwala for Taurus Family Trust	1467520	11.26	-	1467520	11.23	-
4	Harsh C Mariwala with Kishore V Mariwala for Valentine Family Trust	1467520	11.26	-	1467520	11.23	-
5	Harsh C Mariwala	285092	2.19	-	407492	3.12	-
6	Rajvi H Mariwala	262000	2.01	-	262000	2.01	-
7	Rishabh H Mariwala	262000	2.01	-	262000	2.01	-
8	Archana H Mariwala	246000	1.89	-	246000	1.88	-
9	Ravindra.K.Mariwala	150846	1.16	-	150846	1.15	-
10	Harshraj C. Mariwala (HUF)	122400	0.94	-	-	-	-
11	Rajen K Mariwala	119543	0.92	-	119543	0.92	-
12	Hema K Mariwala	78322	0.60	-	78322	0.60	-
13	Anjali R Mariwala	74182	0.57	-	74182	0.57	-
14	Paula R Mariwala	74182	0.57	-	74182	0.57	-
15	Kishore V Mariwala	53369	0.41	-	51369	0.39	-
16	Pallavi Jaikishan Panchal	18320	0.14	-	18320	0.14	-
17	Malika Chirayu Amin	18000	0.14	-	18000	0.14	-
18	Kishore V Mariwala for KVM Anandita Trust	37	0.00	-	537	0.00	-
19	Kishore V Mariwala for KVM Arnav Trust	37	0.00	-	537	0.00	-
20	Kishore V Mariwala for KVM Vibhav Trust	37	0.00	-	537	0.00	-
21	Kishore V Mariwala for KVM Taarika Trust	37	0.00	-	537	0.00	-
22	The Bombay Oil Private Limited	176440	1.35	-	176440	1.35	-
23	Preeti Gautam Shah	18000	0.14	-	18000	0.14	-
	<b>Total</b>	<b>7828924</b>	<b>60.08</b>	<b>-</b>	<b>7828924</b>	<b>59.93</b>	

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

Sr. No.	Name	Share holding at the beginning of the year		Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company			No. of Shares	% of total shares of the company
1	Harsh C Mariwala	285092	2.19	122400	Purchase	407492	3.12
				0	Sale	407492	3.12
2	Harshraj C Mariwala (Huf)	122400	0.94	0	Purchase	122400	0.94
				122400	Sale	0	0.00

## Annexure III to the Board's Report (Contd.)

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

Sr. No.	Name	Share holding at the beginning of the year		Increase/Decrease in Share-holding	Reason	Cumulative share-holding during the year	
		No. of Shares	% of total shares of the company			No. of Shares	% of total shares of the company
1	EQ India Fund	128000	0.98	68923	Purchase	196923	1.51
				0	Sale	196923	1.51
2	Vanaja Sundar Iyer	165971	1.27	5000	Purchase	170971	1.31
				0	Sale	170971	1.31
3	Equity Intelligence India Private Limited	0	0.00	119534	Purchase	119534	0.91
				8855	Sale	110679	0.85
4	Ganesh Srinivasan	76000	0.58	22275	Purchase	98275	0.75
				0	Sale	98275	0.75
5	Premier Investment Fund Limited	95000	0.73	0	Purchase	95000	0.73
				0	Sale	95000	0.73
6	Life Insurance Corporation of India	78509	0.60	0	Purchase	78509	0.60
				9397	Sale	69112	0.53
7	Elsamma Joseph	60500	0.46	6300	Purchase	66800	0.51
				0	Sale	66800	0.51
8	Sundar Iyer	62500	0.48	7500	Purchase	70000	0.54
				4581	Sale	65419	0.50
9	Edelweiss Custodial Services Limited	59270	0.45	51793	Purchase	111063	0.85
				51869	Sale	59194	0.45
10	Jignesh V Shah	0	0.00	112100	Purchase	112100	0.86
				54805	Sale	57295	0.44
11	Jignesh Vijaykumar Shah	81900	0.63	0	Purchase	81900	0.63
				81000	Sale	900	0.01
12	Reliance Capital Trustee Co Limited-A/C Reliance Mid & Small Cap Fund	417828	3.21	0	Purchase	417828	3.20
				417828	Sale	0	0.00

#### Notes:

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

**(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sr. No.	Name	Share holding at the beginning of the year		Increase/Decrease in Share-holding	Reason	Cumulative share-holding during the year	
		No. of Shares	% of total shares of the company			No. of Shares	% of total shares of the company
<b>Directors</b>							
1	Harsh Mariwala – Chairman & Managing Director	285092	2.19	122400	Purchase	407492	3.12
				0	Sale	407492	3.12
2	Rajen Mariwala – Non-Executive Director	119543	0.92	0	Purchase	119543	0.92
				0	Sale	119543	0.92
3	Ameera Shah – Independent Director	2920	0.02	0	Purchase	2920	0.02
				0	Sale	2920	0.02
4	B. S. Nagesh – Independent Director	-	-	0	Purchase	0	0.00
				0	Sale	0	0.00
5	Nikhil Khattau – Independent Director	-	-	0	Purchase	0	0.00
				0	Sale	0	0.00
6	Irfan Mustafa – Independent Director	-	-	0	Purchase	0	0.00
				0	Sale	0	0.00
<b>Key Managerial Personnel</b>							
1	Rajiv Nair – Chief Executive Officer	-	-	0	Purchase	0	0.00
				0	Sale	0	0.00
2	Naveen Duggal – Chief Financial Officer	-	-	0	Purchase	0	0.00
				0	Sale	0	0.00
3	Saurabh Shah - Chief Financial Officer	-	-	0	Purchase	0	0.00
				0	Sale	0	0.00
Mr. Naveen Duggal resigned as the Chief Financial Officer, w.e.f. July 13, 2018 and Mr. Saurabh Shah was appointed as the Chief Financial Officer w.e.f. July 14, 2018.							
4	Nitika Dalmia – Company Secretary & Compliance Officer	-	-	0	Purchase	0	0
				0	Sale	0	0

## Annexure III to the Board's Report (Contd.)

### V INDEBTEDNESS

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

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

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i) **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 2018-19.

(ii) **Remuneration to Other Directors:**

No remuneration was paid to other Directors for the Financial Year 2018-19

(iii) **Remuneration to Key Managerial Personnel other than Managing Director/Manager/WTD**

(Amount in ₹)

Particulars of Remuneration	Key Managerial Personnel				Total
	Chief Executive Officer (Rajiv Nair)	Chief Financial Officer (Naveen Duggal)	Chief Financial Officer (Saurabh Shah)	Company Secretary (Nitika Dalmia)	
Gross salary	14,369,996	2,252,072	3,915,512	1,005,688	21,543,268
(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					
Stock Option	-	-	-	-	-
Sweat Equity	-	-	-	-	-
Commission	-	-	-	-	-
- as % of profit					
- Others					
Others, please specify - Long term incentive	-	-	-	-	-
<b>Total</b>	<b>14,369,996</b>	<b>2,252,072</b>	<b>3,915,512</b>	<b>1,005,688</b>	<b>21,543,268</b>

Notes:

- Mr. Naveen Duggal resigned as the Chief Financial Officer w.e.f. July 13, 2018. Hence, the disclosure above includes the amount paid to him as final settlement as the outgoing Chief Financial Officer
- Mr. Saurabh Shah was appointed as the Chief Financial Officer w.e.f. July 14, 2018.

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					



# Annexure IV to the Board's Report

## SECRETARIAL AUDIT REPORT

FORM NO. MR-3  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 09 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Member,  
Kaya Limited

23/C, Mahal Industrial estate,  
Mahakali Caves Road,  
Near Paper box Lane, Andheri (East)  
Mumbai-400093.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ('Audit Period'), generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; - (Not Applicable to the Company during the Audit Period);
  - (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not Applicable to the Company during the Audit Period);
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (Not Applicable to the Company during the Audit Period);
  - (i) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 and amendments from time to time - (Not Applicable to the Company during the Audit Period);
- (vi) Following other laws specifically applicable to the Company on the basis of its business;
- (a) Legal Metrology Act, 2009;
  - (b) Legal Metrology (Packaged Commodities) Rules 2011 - for Labelling requirements (insertion of recycle logos);
  - (c) Drugs and Cosmetic Act, 1940 and Rules 1945 (Draft Cosmetic Rules 2018);
  - (d) Bureau of India Standards (BIS);
  - (e) Compliance to FDA requirements in terms of product License, DCA Act & BIS;

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

Majority decisions is carried through unanimously and there were no dissenting views of any member that were recorded as part of the minutes.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of Compliance Certificate issued by the Chief Financial Officer and taken on record by the Board at their meeting(s), we are of the opinion that there are adequate systems and processes in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, and as informed by the Company.

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

**For Magia and Halwai Associates**

Place: Mumbai  
Date: May 7, 2019

**Rohit Halwai**  
**Partner**  
**ACS: 25957 | CP: 19186**

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

## Annexure IV to the Board's Report (Contd.)

### SECRETARIAL AUDIT REPORT

FORM NO. MR-3  
ANNEXURE A

To,

**The Member,**

Kaya Limited

23/C, Mahal Industrial estate,

Mahakali Caves Road,

Near Paper box Lane, Andheri (East)

Mumbai-400093

Our Secretarial Audit Report for the financial year ended March 31, 2019 is to be read along with this letter.

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

**For Magia and Halwai Associates**

Place: Mumbai

Date: May 7, 2019

**Rohit Halwai**

**Partner**

**ACS: 25957 | CP: 19186**

## Annexure V to the Board's Report

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

**1. Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19:**

No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2019. 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 2018-19 is as follows:**

Name	Designation	Remuneration		Increase/ (Decrease) %
		2018-19	2017-18	
Mr. Rajiv Nair	Chief Executive Officer	14,369,996	14,460,140	(0.62%)
Mr. Naveen Duggal (upto July 13, 2018)	Chief Financial Officer	2,252,072	5,247,754	NA*
Mr. Saurabh Shah (w.e.f. July 14, 2018)	Chief Financial Officer	3,915,512	0	NA**
Ms. Nitika Dalmia (w.e.f. December 5, 2017)	Company Secretary & Compliance Officer	1,005,688	309,036	NA***

**Notes:**

\*Mr. Naveen Duggal resigned as the Chief Financial Officer of the Company w.e.f. July 13, 2018. Hence, the remuneration paid to him in the financial year 2018-19 is not comparable with the remuneration paid to him in financial year 2017-18. Remuneration paid in 2018-19 to Mr. Naveen Duggal includes the amount paid as final settlement.

\*\*Mr. Saurabh Shah was appointed as the Chief Financial Officer of the Company w.e.f. July 14, 2018. Hence, remuneration paid for the said designation is only in the financial year 2018-19.

\*\*\*Ms. Nitika Dalmia was appointed as the Company secretary & Compliance Officer of the Company w.e.f. December 5, 2017. Hence, remuneration paid to her in financial year 2018-19 is not comparable with the remuneration paid to her in the financial year 2017-18.

No remuneration was paid to the Directors of the Company for the financial year ended March 31, 2019. Hence, this disclosure pertaining to increase in remuneration of each Director is not applicable.

**3. Percentage increase/decrease in the median remuneration of all employees in the financial year 2018-19 is as follows:**

	2018-19	2017-18	Increase/ (Decrease) %
Median Remuneration of all employees per annum	300,000	348,507	(13.91%)

**Note:**

For calculation of median remuneration for the financial year 2018-19, the employee count taken is 597 which comprise of employees who have served for the whole of the financial year.

**4. Number of permanent employees on the rolls of the Company as on March 31, 2019: 889**

## Annexure V to the Board's Report (Contd.)

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

	Increase/(Decrease) %
<b>Average percentage increase in the remuneration of all employees (Other than managerial personnel)</b>	<b>6.31%</b>
<b>Average percentage increase in the managerial remuneration.</b>	No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2018 and March 31, 2019. Hence, this rider is not applicable.

6. **Affirmation**

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



## Annexure VI to the Board's Report

### DETAILS OF EMPLOYEES STOCK OPTION SCHEME

Sr. No	Particulars	Kaya Employee Stock Option Plan, 2016 (Scheme - I)	Kaya Employee Stock Option Plan, 2016 (Scheme - III) Tranche - 1	Kaya Employee Stock Option Plan, 2016 (Scheme - III) Tranche - 2
1	Options granted (during FY 2018-19)	None	None	25,118
2	Options vested (during FY 2018-19)	36,848	None	None
3	Options exercised (during FY 2018-19)	33,237	None	None
4	The total number of shares arising as a result of exercising of option (during FY 2018-19)	33,237	None	None
5	Options lapsed/ forfeited* (during FY 2018-19)	45,094	None	6,078
6	Pricing Formula/ Exercise Price	₹732 per share	₹1063.80 per share	₹1066.62 per share
7	Variation of terms of options	NA	NA	NA
8	Money realized by exercise of options (during FY 2018-19)	24,329,484	NA	NA
9	Total number of options in force (as at March 31, 2019)	44,682	14,700	19,040
10	Employee wise details of options granted to (during FY 2017-18)			
	i) KMP	NA	NA	Summary <sup>^</sup> of options granted to KMP in FY19 under this scheme is as under: No. of KMPs covered - 1 <sup>#</sup>
	<sup>^</sup> Only summary is given due to sensitive nature of the information. <sup>#</sup> As on the grant date, only 1 KMP was covered.			
	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	NA	NA	NA
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None	None	None
11	Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS) 20-Earnings per Share		₹(3.03) per share	

## Annexure VI to the Board's Report (Contd.)

Sr. No	Particulars	Kaya Employee Stock Option Plan, 2016 (Scheme - I)	Kaya Employee Stock Option Plan, 2016 (Scheme - III) Tranche - 1	Kaya Employee Stock Option Plan, 2016 (Scheme - III) Tranche - 2
12	i) Method of calculating employee compensation cost		Fair Value Method	
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options		As per Ind AS requirement, the Company has to use fair value method.	
	iii) The impact of this difference on the profits and on EPS of the Company			
13	Weighted average exercise price and weighted average fair values of options	Exercise Price is ₹732. Fair Value of Option is ₹237.10.	Exercise Price is ₹1063.80 Fair Value of Option is ₹304.10.	Exercise Price is ₹1066.62 Fair Value of Option is ₹221.12.
14	Description of method and significant assumptions used during the year to estimate the fair values of options:			
	i) Risk-free interest rate (%)	7.13%	6.00%	6.25%
	ii) Expected life of options (years)	1.5 to 3.5	2.26	3.36
	iii) Expected volatility (%)	40.00%	39.40%	39.40%
	iv) Dividend yield	0.00%	0.00%	0.00%

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

# Independent Auditor's Report

To the Members of Kaya Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Kaya Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2019, and the Standalone Statement of Profit and Loss(including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and of its loss(including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report (Contd.)

To the Members of Kaya Limited

Key audit matters	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>The Company primarily earns revenue from rendering of services to customers in clinics and sale of products through various distribution channels. The Company recognises revenue when a performance obligation is satisfied by transferring a promised good or service to the customer (Refer note 25 to the standalone financial statements).</p> <p>We identified revenue recognition as a KAM considering –</p> <ul style="list-style-type: none"> <li>• there is an inherent risk around the accuracy of revenues given the large number of clinics which on a daily basis handle large volume of transactions and cash, and determination of revenue for each session requires complex IT systems and exchange of information with IT systems;</li> <li>• application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including in determining the timing of recognition of unconsumed sessions under deferred revenue account;</li> <li>• the accounting for rendering of services is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused sessions; and</li> <li>• at year-end a significant amount of deferred revenue of ₹6,877.42 lakhs related to these services is recognised on the balance sheet.</li> </ul>	<p>Our audit procedures on revenue recognized from services included</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the systems, processes and controls implemented by management for recording and calculating revenue and the associated deferred revenue balances.</li> <li>• Involving Information technology ('IT') specialists to: <ul style="list-style-type: none"> <li>➤ assess the design and operating effectiveness of key IT controls over IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls; and</li> <li>➤ test the IT controls over the completeness and accuracy of reports generated by the system.</li> </ul> </li> <li>• Detailed testing on a sample of sales transactions from origination through to the general ledger to ensure that revenue recognised was complete and was recorded in the appropriate period and at the correct value.</li> <li>• On selected samples, we <ul style="list-style-type: none"> <li>➤ tested the reconciliation of daily sales report with the cash collected at the clinics and of its deposit into bank;</li> <li>➤ verified monthly sales with corresponding collection of amount in bank or other cashless payment modes;</li> <li>➤ verified the breakage provision which is created (based on past trends) for deferral of revenue in respect of partly consumed packages, on their normal expiry;</li> <li>➤ verified redemption ratio towards loyalty points since it is based on past trend; and</li> <li>➤ performed trend analysis of monthly sales at each clinic and enquired reasons for significant variations.</li> </ul> </li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Deferred tax assets</b>	
<p>On transition to Ind AS, the Company recognised deferred tax asset relating to timing differences on items other than unabsorbed losses amounting to ₹2,106.66 lakhs. (Refer Note 8 to the standalone financial statements)</p> <p>We focused on this area as recognition of deferred tax asset requires significant judgment in estimating future taxable income and accordingly recognition of deferred tax based on reasonableness of recovery.</p>	<p>Our audit procedures included the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Company's key assumptions used to determine the utilization of deferred tax assets including by comparing these to evidence obtained in respect of cash flow forecasts, business plans and minutes of Directors and Audit Committee meetings and our knowledge of the business;</li> <li>• We along with our internal tax experts assessed the expiry of benefits under tax laws for various components of deferred tax assets; and</li> <li>• We also assessed the adequacy of the Company's disclosure included in Note 8 relating to unrecognised deferred taxes.</li> </ul>
<b>Investment in subsidiaries</b>	
<p>(Refer note 5 to the Standalone financial statements)</p> <p>As at 31 March 2019, the Company's statement of financial position includes equity accounted investments of ₹9,451.11 lakhs. Considering the amount of investments in subsidiaries we have considered impairment of investment in subsidiaries as a key audit matter.</p> <p>Management has carried out an impairment assessment where indicators of impairment were identified.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Evaluating the Company's process for identifying indicators of impairment of its investment in subsidiaries by assessing management's review of the financial performance of each subsidiary;</li> <li>• assessed the recoverable amount based on the valuation. This included assessment of historical accuracy of management's assumptions and forecasts and review of documentation supporting key judgements;</li> <li>• reconciled input data to budgets and tested mathematical accuracy;</li> <li>• performed sensitivity analysis around the key assumptions, to ascertain the extent to which adverse changes, both individually or in aggregate, could impact the analysis;</li> <li>• Discussed management's strategic and operational plans for the foreseeable future.</li> </ul>



# Independent Auditor's Report (Contd.)

To the Members of Kaya Limited

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our

opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

A. 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows 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 Ind AS specified under Section 133 of the Act;
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and

## Independent Auditor's Report (Contd.)

To the Members of Kaya Limited

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer note 40 to the standalone financial statements;
  - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16):

In our opinion and according to the information and explanations given to us, no remuneration has been paid by the Company to its directors during the current year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Place : Mumbai  
Dated : 7 May 2019

**Rajesh Mehra**  
Partner  
Membership No: 103145

## Annexure A Independent Auditor's Report

31 March 2019

With reference to the Annexure A referred to in the Independent Auditor's Report to the Members of Kaya Limited ("the Company") on the standalone financial statements for the year ended 31 March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable properties as disclosed in Note 3 on Property, plant and equipment in the notes to standalone financial statements. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, limited liability partnerships, body corporates, firms or other parties covered in the register required to be maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act with respect to the investments made, loans given and guarantees given. The Company has not provided any security during the year. Accordingly, compliance under Section 186 of the Act in respect of providing securities is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and the Rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products or services of the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, Goods and Services tax, Provident fund, Employees' State Insurance, Cess, Duty of customs and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities though there have been slight delays in few cases in respect of dues of Labour Welfare Fund and Profession tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Goods and Services tax, Value added tax, Cess, Duty of customs, Employees' State Insurance, Labour Welfare Fund, Profession tax, Provident fund and any other material statutory dues were in arrears as on 31 March 2019 for a period of more than six months from the date they became payable.

Also, refer note 40 (d) to the standalone financial statements.

## Annexure A Independent Auditor's Report (Contd.)

31 March 2019

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

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	37.46	December 2004 to March 2006	Commissioner or Service Tax
Finance Act, 1994	Service Tax	215.41	April 2008 to March 2012	Custom Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	183.93	April 2011 to March 2012	Commissioner of Service Tax
Andhra Pradesh/ Telangana VAT Act, 2005	VAT	112.10	2012-13 to 2016-17	Telangana High Court
Kerala VAT Act, 2003	VAT	30.33	2011-12 to 2016-17	Deputy Commissioner /Commissioner of Appeals
Kerala VAT Act, 2003	VAT	2.84	2014-15	Assistant Commissioner
Delhi VAT Act, 2004	VAT	5.14	2009-10	Assistant Commissioner
Madhya Pradesh CGST Act, 2017	GST	18.69	2017-18	Madhya Pradesh Appellate Authority
Uttar Pradesh CGST Act, 2017	GST	29.34	2018-19	Allahabad High Court

- (viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institutions, banks or the government nor does it have any dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

- (xiii) According to the information and explanations given to us and based on our examinations of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Place : Mumbai  
Dated : 7 May 2019

**Rajesh Mehra**  
Partner  
Membership No: 103145



# Annexure B Independent Auditor's Report

31 March 2019

(Referred to in our report of even date)

## **Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Kaya Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Place : Mumbai  
Dated : 7 May 2019

**Rajesh Mehra**  
Partner  
Membership No: 103145

# Standalone Balance Sheet

as at 31 March 2019

(₹ in lakhs)

	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	4,142.88	4,799.24
Capital work-in-progress		83.75	30.27
Intangible assets	4	181.49	188.59
<b>Financial assets</b>			
Investment in subsidiaries	5	9,451.11	9,451.11
Loans	6	1,314.19	1,564.31
Other financial assets	7	1.96	1.08
Deferred tax assets	8	2,106.66	2,106.65
Non-current tax assets	9	387.36	16.36
Other non-current assets	10	470.17	622.47
<b>Current assets</b>			
Inventories	11	3,401.84	3,376.92
<b>Financial assets</b>			
Loans	12	925.30	383.46
Investments	13	1,442.87	2,008.30
Trade receivables	14	553.51	411.79
Cash and cash equivalents	15A	417.20	348.69
Bank balances other than above	15B	43.43	25.85
Others financial assets	16	307.65	249.48
Other current assets	17	785.84	547.37
<b>TOTAL ASSETS</b>		<b>26,017.21</b>	<b>26,131.94</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1,306.41	1,303.09
Other equity	19	14,985.96	17,505.33
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term provisions	20	112.61	22.65
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	21		
Total outstanding dues of Micro enterprises and Small enterprises		105.86	-
Total outstanding dues of creditors other than Micro enterprises and Small enterprises		1,467.29	1,574.61
Other financial liabilities	22	31.54	81.07
Short-term provisions	23	159.65	225.34
Other current liabilities	24	7,847.89	5,419.85
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,017.21</b>	<b>26,131.94</b>
Significant accounting policies	2A		

The accompanying notes from 1-47 are an integral part of these standalone financial statements.

As per our report of even date attached.

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

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

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Rajiv Nair**  
Chief Executive Officer

**Nikhil Khattau**  
Director  
DIN: 00017880

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary

# Standalone Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in lakhs)

	Note	Year ended 31.03.2019	Year ended 31.03.2019
<b>I Income</b>			
Revenue from operations	25	20,932.90	20,119.90
Other operating revenue	25	48.92	-
Other income	26	491.23	958.26
<b>Total income</b>		<b>21,473.05</b>	<b>21,078.16</b>
<b>II Expenses</b>			
Cost of materials consumed	27	1,618.84	1,145.14
Purchases of stock-in-trade		143.78	103.87
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(156.92)	126.85
Employee benefits expense	29	5,279.29	5,425.63
Finance costs	30	-	10.03
Depreciation and amortisation expense	31	1,527.33	1,314.11
Other expenses	32	14,011.44	14,323.91
<b>Total expenses</b>		<b>22,423.76</b>	<b>22,449.54</b>
<b>III Loss before tax</b>		<b>(950.71)</b>	<b>(1,371.38)</b>
<b>IV Tax expense</b>	8		
Current tax		-	-
Deferred tax (credit)		-	(37.81)
Tax for earlier years		(555.00)	-
<b>V Loss for the year</b>		<b>(395.71)</b>	<b>(1,333.57)</b>
<b>VI Other Comprehensive income / (loss)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of net defined benefit plans	43	(22.10)	(16.77)
<b>Other Comprehensive income / (loss) for the year</b>		<b>(22.10)</b>	<b>(16.77)</b>
<b>VII Total Comprehensive income / (loss) for the year</b>		<b>(417.81)</b>	<b>(1,350.34)</b>
<b>VIII Earnings per equity share of ₹ 10 each:</b>	44		
Basic		(3.03)	(10.24)
Diluted		(3.03)	(10.24)
Significant accounting policies	2A		

The accompanying notes from 1-47 are an integral part of these standalone financial statements

As per our report of even date attached.

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

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

**Harsh Mariwala**  
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Chief Executive Officer

**Nikhil Khattau**  
Director  
DIN: 00017880

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary

# Standalone Statement of Cash Flows

for the year ended 31 March 2019

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>A Cash Flow from Operating Activities:</b>		
Loss before tax	(950.71)	(1,371.38)
Adjustments for:		
Depreciation and amortisation expense	1,527.33	1,314.11
Employee share-based payment expenses	28.09	76.40
Liabilities written back to the extent no longer required (net)	-	(365.51)
Provision for doubtful debts/ written back to the extent no longer required	2.73	2.65
Finance costs	-	10.03
Loss on sale / discarding of property, plant & equipment (net)	0.49	7.16
Interest income	(46.22)	(88.28)
Net loss on foreign currency transactions and translation	51.26	11.80
Net gain on sale of current investments	(138.89)	(379.95)
Unwinding of discount on security deposits	(125.59)	(123.33)
Advances written off during the year	44.48	-
Provision for doubtful advances	0.08	67.65
Provision for doubtful deposits	-	21.04
<b>Operating profit before working capital changes</b>	<b>393.05</b>	<b>(817.61)</b>
<b>Changes in working capital:</b>		
(Increase) in inventories	(24.92)	(19.32)
(Increase) in trade and other receivables	(144.45)	(178.05)
(Increase) in other assets	(253.95)	(12.31)
(Increase) / Decrease in loans	(267.84)	2,553.67
(Increase) / Decrease in financial asset	(70.71)	84.38
Increase / (Decrease) in other current liabilities	57.66	(525.15)
Increase / (Decrease) in provisions	24.27	(7.56)
Increase / (Decrease) in trade and other payable	(52.72)	2.17
<b>Cash (used in)/generated from operations</b>	<b>(339.61)</b>	<b>1,080.22</b>
Direct taxes paid (net of refund)	184.00	15.92
<b>Net Cash (used in )/generated from Operating Activities (A)</b>	<b>(155.61)</b>	<b>1,096.14</b>
<b>B Cash Flow from Investing Activities:</b>		
Acquisition of property, plant and equipment	(801.65)	(1,571.67)
Proceeds from sale of investments	704.32	5,544.35
Investment in subsidiary	-	(5,100.00)
Proceeds from sale of property, plant and equipment	2.14	7.85
Interest income received	82.36	281.94
<b>Net Cash (used in)/generated from Investing Activities (B)</b>	<b>(12.83)</b>	<b>(837.53)</b>
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from issue of Equity shares	236.95	9.11
Repayment of Short-term borrowings	-	(58.95)
Finance cost	-	(10.03)
<b>Net Cash (used in)/generated from Financing Activity (C)</b>	<b>236.95</b>	<b>(59.87)</b>

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>D Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>68.51</b>	<b>198.74</b>
Cash and cash equivalents at the beginning of the year	348.69	149.95
<b>Cash and cash equivalents at the close of the year</b>	<b>417.20</b>	<b>348.69</b>

**Reconciliation of cash and cash equivalents as per the cash flow statement**

	As at 31.03.2019	As at 31.03.2018
Cash and Cash equivalent as per above comprises of the following:		
Cash and cash equivalents [refer note 15A]	417.20	348.69
<b>Balances as per statement of Cash Flows</b>	<b>417.20</b>	<b>348.69</b>

**Notes:**

- The standalone cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
- Amendment to Ind AS 7

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

(₹ in lakhs)

	As at 31.3.2018	Cash Flows	As at 31.3.2019
Short-term borrowings	-	-	-

	As at 31.3.2017	Cash Flows	As at 31.3.2018
Short-term borrowings	58.95	(58.95)	-

As per our report of even date attached.

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

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Nikhil Khattau**  
Director  
DIN: 00017880

**Rajiv Nair**  
Chief Executive Officer

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary



# Standalone Statement of Changes in Equity

for the year ended 31 March 2019

## A. Equity share capital

	(₹ in lakhs)
	Amount
As at 31 March 2018	1,303.09
Changes in equity share capital during the year [refer note - 18(a)]	3.32
As at 31 March 2019	1,306.41

## B. Other equity

	(₹ in lakhs)					
	Securities premium	Retained earnings	Capital reserve	Share options outstanding account	General reserve	Total
<b>Balance as at 31 March 2017</b>	<b>21,953.85</b>	<b>(6,009.48)</b>	<b>2,652.82</b>	<b>107.37</b>	<b>-</b>	<b>18,704.56</b>
Loss for the year	-	(1,333.57)	-	-	-	(1,333.57)
Receipt on exercise of Employee Stock Option	8.28	-	-	-	-	8.28
Transferred from Share options outstanding account to Securities premium	32.04	-	-	(32.04)	-	-
Employee stock option charge	-	-	-	142.83	-	142.83
Re-measurements of net defined benefit plans	-	(16.77)	-	-	-	(16.77)
<b>Balance as at 31 March 2018</b>	<b>21,994.17</b>	<b>(7,359.82)</b>	<b>2,652.82</b>	<b>218.16</b>	<b>-</b>	<b>17,505.33</b>
<b>Adjustment on account of Ind AS 115</b>	<b>-</b>	<b>(2,370.38)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,370.38)</b>
<b>Balance as at 1 April 2018</b>	<b>21,994.17</b>	<b>(9,730.20)</b>	<b>2,652.82</b>	<b>218.16</b>	<b>-</b>	<b>15,134.95</b>
Loss for the year	-	(395.71)	-	-	-	(395.71)
Receipt on exercise of Employee Stock Option	233.63	-	-	-	-	233.63
Transferred from Share options outstanding account to Securities premium	6.32	-	-	(6.32)	17.10	17.10
Transferred from Share options outstanding account to General reserve	-	-	-	(17.10)	-	(17.10)
Employee stock option charge	-	-	-	35.19	-	35.19
Re-measurements of net defined benefit plans	-	(22.10)	-	-	-	(22.10)
<b>Balance as at 31 March 2019</b>	<b>22,234.12</b>	<b>(10,148.01)</b>	<b>2,652.82</b>	<b>229.93</b>	<b>17.10</b>	<b>14,985.96</b>

As per our report of even date attached.

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

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Nikhil Khattau**  
Director  
DIN: 00017880

**Rajiv Nair**  
Chief Executive Officer

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary

# Notes to Standalone Financial Statements

for the year ended 31 March 2019

## CORPORATE INFORMATION

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

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

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

These standalone financial statements were authorised for issue by the Company's Board of Directors on 7 May 2019.

### 1. Basis of preparation

#### (a) Statement of compliance

The standalone financial statements have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India.

Details of the Company's significant accounting policies are included in Note 2A.

#### (b) Functional and presentation currency

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

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

#### (c) Basis of measurement

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

- i. certain financial assets and liabilities and contingent consideration that is measured at fair value; and
- ii. defined benefit plans - plan assets measured at fair value

#### (d) Measurement of fair values

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

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

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

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

#### (e) Critical accounting judgements and key sources of estimation uncertainty

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

Such judgements, estimates and associated assumptions are evaluated based on historical experience and

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances.

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

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

**i) Estimation of useful life of property, plant and equipment and intangible assets**

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

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

**ii) Estimation of defined benefit obligation**

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

**iii) Estimation of recognition of current and deferred taxes**

As stated in Note 8, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities, the Company adjudges taxability of amounts in accordance with tax enactment, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

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

**iv) Inventories**

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

**v) Point reward scheme**

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

**vi) Provision and Contingent Liabilities**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current

best estimates. Contingent liabilities are not recognised in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

**vii) Provision for breakage**

Provision for breakage is recognised when the Company expects to be entitled to a breakage amount in a contract liability, The Company recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If the Company does not expect to be entitled to a breakage amount, it recognises the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

**2A. Significant accounting policies**

**(a) Revenue recognition: -**

**(i) Revenue from Services**

The Company recognises revenue primarily from skin and hair related services.

Effective 1 April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied modified retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, price concessions, etc. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

### **Revenue from products**

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

#### **(ii) Point award schemes**

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

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

#### **(iii) Interest income or expense**

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

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

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

#### **(iv) Dividend income**

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

#### **(b) Leases:**

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

#### **(c) Inventories**

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

**(d) Employee benefits**i) Short-term employee benefits

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

ii) Other long-term employee benefits

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

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

iii) Post-employment benefits

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

Gratuity liability is covered by payment thereof to Gratuity fund. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

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

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

**Defined contribution plans**

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

**Employee stock options**

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



## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

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

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

#### iv) Termination benefits

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

- (a) when the Company can no longer withdraw the offer of those benefits; and
- (b) when the entity recognises costs for a restructuring that is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### (e) **Provisions**

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

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

#### (f) **Income tax**

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

##### (i) **Current tax**

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

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

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

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

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

**(ii) Deferred tax**

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. In case of tax losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

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

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

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

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

**(g) Impairment of non-financial assets**

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

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

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

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

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

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

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

## (h) Cash and cash equivalents

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

## (i) Financial instruments

### Recognition and initial measurement

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

### Classification and subsequent measurement

#### i) Financial assets

##### Classification

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

##### Initial recognition and measurement

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

##### Derecognition

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

1. The rights to receive cash flows from the asset have expired, or
2. The Company has transferred its rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership

and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

3. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
4. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Impairment of financial assets**

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

Trade receivables.

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

Trade receivables which do not contain a significant financing component.

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

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

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

#### ii) Financial liabilities

##### **Classification**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for - trading, or it is a derivative or it is designated as such on initial recognition.

##### **Initial recognition and measurement**

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **(j) Property, plant and equipment**

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

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

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

### **Subsequent expenditure**

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

### **Depreciation methods, estimated useful lives and residual value**

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

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

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

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

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

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

### **(k) Intangible assets**

Intangible assets purchased are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their estimated useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer software - 3 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

### **(l) Trade and other payables**

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

**(m) Contributed equity**

Equity shares are classified as equity.

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

**(n) Earnings per share****(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

**(ii) Diluted earnings per share**

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(o) Statement of cash flows**

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

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

**(p) Events after reporting date**

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

**(q) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management assesses the financial performance and position of the Company and makes strategic decisions. The chief operating decision maker is the Managing Director and Chairman of the Company. Refer Note 42 for segment information presented.

**(r) Current/ non-current classification**

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

**Assets**

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

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is expected to be realised within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded; or



# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

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

All other assets are classified as non-current

## Liabilities

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

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

All other liabilities are classified as non-current.

## Operating cycle

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

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

## (s) Foreign currency

Foreign currency transactions

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

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

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

## 2B. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1 April 2019:

### Ind AS - 116

The new standard on leases sets out the principles for the recognition, measurement, presentation and disclosure of the leases. The core objective of this standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represent those transactions.

The Company will adopt Ind AS 116, Leases from 1 April, 2019. Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straightline basis whilst the lease liability reduces by the principal amount of repayments;

- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Company at various stages of their terms; and

- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

'The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

'The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

#### **Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together.

The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## **Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

## **Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

## **Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Kaya Limited does not expect this amendment to have any significant impact on its financial statements.

## **Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Kaya Limited does not currently have any long-term interests in associates and joint ventures.

**Notes to Standalone Financial Statements (Contd.)**

for the year ended 31 March 2019

**3 PROPERTY, PLANT AND EQUIPMENT**

	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Office equipment	Total
(₹ in lakhs)					
<b>Year ended 31 March 2018</b>					
<b>Opening gross carrying amount</b>	1,344.02	3,168.11	1,021.28	110.79	5,644.20
Additions during the year	371.01	903.19	177.89	12.52	1,464.61
Disposals during the year	46.30	135.26	174.14	15.62	371.32
<b>Closing gross carrying amount</b>	<b>1,668.73</b>	<b>3,936.04</b>	<b>1,025.03</b>	<b>107.69</b>	<b>6,737.49</b>
<b>Accumulated depreciation</b>					
Opening accumulated depreciation	159.94	690.76	147.39	29.76	1,027.85
Depreciation charge for the year	274.94	750.76	210.36	30.65	1,266.71
On disposals during the year	46.11	125.94	168.65	15.61	356.31
<b>Closing accumulated depreciation</b>	<b>388.77</b>	<b>1,315.58</b>	<b>189.10</b>	<b>44.80</b>	<b>1,938.25</b>
<b>Net carrying amount as at 31 March 2018</b>	<b>1,279.96</b>	<b>2,620.46</b>	<b>835.93</b>	<b>62.89</b>	<b>4,799.24</b>
<b>Year ended 31 March 2019</b>					
<b>Opening gross carrying amount</b>	1,668.73	3,936.04	1,025.03	107.69	6,737.49
Additions during the year	232.16	467.42	106.41	13.04	819.03
Disposals during the year	231.84	85.53	324.18	36.80	678.35
<b>Closing gross carrying amount</b>	<b>1,669.05</b>	<b>4,317.93</b>	<b>807.26</b>	<b>83.93</b>	<b>6,878.17</b>
<b>Accumulated depreciation</b>					
Opening accumulated depreciation	388.77	1,315.58	189.10	44.80	1,938.25
Depreciation charge for the year	376.21	768.86	294.17	33.52	1,472.76
On disposals during the year	231.84	85.31	324.18	34.39	675.72
<b>Closing accumulated depreciation</b>	<b>533.14</b>	<b>1,999.13</b>	<b>159.09</b>	<b>43.93</b>	<b>2,735.29</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>1,135.91</b>	<b>2,318.80</b>	<b>648.17</b>	<b>40.00</b>	<b>4,142.88</b>

**Notes:**

(a) Refer note 40(c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.

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

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## 4 INTANGIBLE ASSETS

(₹ in lakhs)

	Computer software	Total
<b>Year ended 31 March 2018</b>		
<b>Opening gross carrying amount</b>	219.26	219.26
Additions during the year	54.40	54.40
Disposals during the year	0.41	0.41
<b>Closing gross carrying amount</b>	<b>273.25</b>	<b>273.25</b>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	37.67	37.67
Amortisation charge for the year	47.40	47.40
On disposals during the year	0.41	0.41
<b>Closing accumulated amortisation</b>	<b>84.66</b>	<b>84.66</b>
<b>Net carrying amount as at 31 March 2018</b>	<b>188.59</b>	<b>188.59</b>
<b>Year ended 31 March 2019</b>		
<b>Opening gross carrying amount</b>	273.25	273.25
Additions during the year	47.47	47.47
Disposals during the year	0.41	0.41
<b>Closing gross carrying amount</b>	<b>320.31</b>	<b>320.31</b>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	84.66	84.66
Amortisation charge for the year	54.57	54.57
On disposals during the year	0.41	0.41
<b>Closing accumulated amortisation</b>	<b>138.82</b>	<b>138.82</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>181.49</b>	<b>181.49</b>

## 5 INVESTMENT IN SUBSIDIARIES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Investments in equity instruments (fully paid - up)</b>		
<b>Unquoted, at cost</b>		
<b>In wholly owned Subsidiary companies</b>		
KME Holdings Pte Limited	9,442.41	9,442.41
19,480,708 (31 March 2018 : 19,480,708) equity shares of 1 SGD each, fully paid		
Kaya Middle East DMCC	8.70	8.70
50 (31 March 2018 :50) equity shares of AED 1,000 each, fully paid		
<b>Total</b>	<b>9,451.11</b>	<b>9,451.11</b>
<b>Aggregate amount of unquoted investments</b>	<b>9,451.11</b>	<b>9,451.11</b>

**6 LOANS - NON-CURRENT**

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Loans to related parties [refer note 38]	242.63	503.70
Security deposits	1092.60	1,081.65
Less : Provision for doubtful deposits	(21.04)	(21.04)
<b>Total</b>	<b>1,314.19</b>	<b>1,564.31</b>

**7 OTHER NON-CURRENT FINANCIAL ASSETS**

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Term deposits with banks with maturity period more than 12 months <sup>®</sup>	1.96	1.08
<b>Total</b>	<b>1.96</b>	<b>1.08</b>

<sup>®</sup> Term deposits with banks include ₹ 1.72 lakhs (31 March 2018 - ₹ 1.08 lakhs) deposited with sales tax authorities.

**8 INCOME TAXES****A. The major components of income tax expense for the year are as under:**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>(i) Income tax recognised in the Statement of Profit and loss</b>		
<b>Current tax</b>		
In respect of current year	-	-
Adjustments in respect of previous years	(555.00)	-
<b>Deferred tax</b>		
In respect of current year	-	(37.81)
<b>Income tax recognised in the Statement of Profit and loss</b>	<b>(555.00)</b>	<b>(37.81)</b>
<b>(ii) Income tax expense recognised in OCI</b>		
<b>Deferred tax</b>		
Deferred tax (expense)/benefit on net fair value gain on investments in debt instruments through NCI	-	-
Deferred tax (expense) on remeasurement benefits of defined benefit plans	-	-
<b>Income tax (expense) recognised in OCI</b>	<b>-</b>	<b>-</b>

**B. Reconciliation of tax expense and the accounting profit for the year is as under:**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>Loss before tax</b>	<b>(950.71)</b>	<b>(1,371.38)</b>
Income tax expense calculated at 30.90%	(293.77)	(423.76)
Tax effect on non - deductible expenses	(0.56)	(0.50)
Effect of income tax losses for which no deferred tax was recognised	213.92	181.84
Others on account of liability reversal, fair valuation, etc. for which no deferred tax was recognised	80.42	204.61
Adjustment of previous years tax provision	(555.00)	-
<b>Total Income tax (credit)</b>	<b>(555.00)</b>	<b>(37.81)</b>

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

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

#### As at 31 March 2019

(₹ in lakhs)				
	Balance Sheet	Profit and loss	OCI	Balance Sheet
	1.04.2018	For year ended 31.03.2019	For year ended 31.03.2019	31.03.2019
Difference between written down value/capital work in progress of property, plant & equipment as per books of accounts and Income tax Act, 1961	916.08	-	-	916.08
Provision for doubtful debts	-	-	-	-
Depreciation impact including unabsorbed depreciation brought forward and for current year	1,120.60	-	-	1,120.60
Others	69.98	-	-	69.98
<b>Deferred tax (credit)</b>	-	-	-	-
<b>Net Deferred tax assets</b>	<b>2,106.66</b>	<b>-</b>	<b>-</b>	<b>2,106.66</b>

#### As at 31 March 2018

(₹ in lakhs)				
	Balance Sheet	Profit and loss	OCI	Balance Sheet
	1.04.2017	For year ended 31.03.2018	For year ended 31.03.2018	31.03.2018
Difference between written down value/capital work in progress of property, plant & equipment as per books of accounts and Income tax Act, 1961	922.51	6.43	-	916.08
Provision for doubtful debts	0.49	0.49	-	-
Depreciation impact including unabsorbed depreciation brought forward and for current year	941.28	(179.32)	-	1,120.60
Others	204.57	134.59	-	69.97
<b>Deferred tax (credit)</b>	-	<b>(37.81)</b>	-	-
<b>Net Deferred tax assets</b>	<b>2,068.85</b>	<b>-</b>	<b>-</b>	<b>2,106.65</b>

As at 31 March 2018, the Company had recognised deferred tax assets on unabsorbed depreciation and other items on the basis of reasonable certainty that the same will be utilised against taxable profits in future. The Company has incurred loss during the year and hence has not recognised any further deferred tax assets on carried forward business losses and unabsorbed depreciation.

As at 31 March 2019 and 31 March 2018, there are no deferred tax liabilities.

#### Unrecognised deferred tax credits

(₹ in lakhs)		
	As at 31.03.2019	As at 31.03.2018
Unused tax losses for which no deferred tax asset has been recognised	4,807.17	5,002.86
Unused depreciation	213.92	185.73
Others	156.62	-
Potential tax benefit @ 30.9%	<b>1,599.91</b>	<b>1,603.27</b>

The tax losses expire in 2021-26. The deductible temporary differences do not expire under current tax legislation.



**9 NON-CURRENT TAX ASSETS**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	16.36	32.28
Add: Taxes paid during the year	1.15	5.96
Add: Provision reversed for earlier years	555.00	-
Less: Refund received during the year	(185.15)	(21.88)
<b>Balance at the end of the year</b>	<b>387.36</b>	<b>16.36</b>

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

**10 OTHER NON-CURRENT ASSETS**

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Capital advances	7.21	175.07
Prepaid expenses	446.74	436.49
Balances with Government Authorities	16.22	10.91
<b>Total</b>	<b>470.17</b>	<b>622.47</b>

**11 INVENTORIES**

Refer note 2A(c) for valuation policy

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Stores, spares and consumables	1,535.11	1,895.50
Raw materials	404.07	354.49
Packing materials	558.79	379.98
Work-in-process#	16.85	43.26
Finished goods#	827.27	656.39
Stock-in-trade#	59.75	47.30
<b>Total</b>	<b>3,401.84</b>	<b>3,376.92</b>

# Includes Skin and Hair care products

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-down of inventories amounted to ₹6.66 lakhs as at 31 March 2019 and ₹ 16.97 lakhs as at 31 March 2018. These write-downs were recognised as an expense in the Statement of Profit and Loss.

**12 LOANS - CURRENT**

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Loans to employees	24.49	32.45
Amounts receivable from related parties [refer note 38]	537.79	-
Security deposits	363.02	351.01
<b>Total</b>	<b>925.30</b>	<b>383.46</b>

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## 13 INVESTMENTS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Investment in mutual funds at fair value through Statement of Profit and Loss</b>		
<b>Unquoted</b>		
Aditya Birla Sun Life Low Duration Fund - Reg - Growth 1,56,080 (31 March 2018 : Nil) Units of ₹ 100 each fully paid	701.48	-
Kotak Savings Fund - Reg - Growth 10,61,697 (31 March 2018 : Nil) Units of ₹ 10 each fully paid	318.21	-
Reliance Corporate Bond Fund - Growth Nil (31 March 2018 : 12,465,815) Units of ₹ 10 each fully paid	-	1,746.85
Reliance Liquid Fund - Growth Plan - Growth 331 (31 March 2018 : Nil) Units of ₹ 10 each fully paid	15.02	-
ICICI Prudential Money Market Fund-Growth Nil (31 March 2018 : 92,426) Units of ₹ 100 each fully paid	-	221.38
ICICI Prudential Ultra Short Term Fund - Growth 21,61,823 (31 March 2018 : Nil) Units of ₹ 1000 each fully paid	408.16	-
SBI Premier Liquid Fund - Reg - Growth Nil (31 March 2018 : 1,475) Units of ₹ 1,000 each fully paid	-	40.07
<b>Total</b>	<b>1,442.87</b>	<b>2,008.30</b>
<b>Aggregate amount of unquoted investments</b>	<b>1,442.87</b>	<b>2,008.30</b>
<b>Market value/ Net asset value of unquoted investments</b>	<b>1,442.87</b>	<b>2,008.30</b>

## 14 TRADE RECEIVABLES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Trade receivables:</b>		
a) Considered good - Secured	-	-
b) Considered good - Unsecured	553.51	411.79
c) Which have significant increase in Credit Risk	-	-
d) Credit impaired - Unsecured	5.38	2.65
Less: Allowance for doubtful debts	(5.38)	(2.65)
<b>Total</b>	<b>553.51</b>	<b>411.79</b>

**Note:**

- i) For credit risk and provision for loss allowance - Refer Note 34 (A)
- ii) Trade receivables Considered good - Unsecured includes receivables from related parties amounting to ₹59.48 lakhs as on 31 March 2019 (31 March 2018 : ₹44.66 lakhs) [refer note 38]

**15 CASH AND CASH EQUIVALENTS**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>(A) Cash and cash equivalents</b>		
Balances with Banks		
In current accounts	323.84	258.97
Cash on hand	93.36	89.72
	<b>417.20</b>	<b>348.69</b>
<b>(B) Other bank balances with Banks</b>		
Term deposit with a bank with maturity more than three months but less than twelve months	43.43	25.85
	<b>43.43</b>	<b>25.85</b>
<b>Total</b>	<b>460.63</b>	<b>374.54</b>

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

**16 OTHER CURRENT FINANCIAL ASSETS**

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Interest receivable from related party [refer note 38]	15.84	9.92
Others [interest accrued on fixed deposits]	1.99	0.96
Other assets	114.60	96.46
Amounts receivable from related parties [refer note 38]	175.22	142.14
<b>Total</b>	<b>307.65</b>	<b>249.48</b>

**17 OTHER CURRENT ASSETS**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Advances to suppliers	199.02	290.58
Less: Provision for doubtful advances	(23.17)	(67.65)
	<b>175.85</b>	<b>222.93</b>
Balances with Government Authorities [Goods and Services Tax, Custom duty, etc.]	526.56	260.50
Prepaid expenses	83.43	63.94
<b>Total</b>	<b>785.84</b>	<b>547.37</b>

**18 EQUITY SHARE CAPITAL**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Authorised</b>		
34,000,000 (31 March 2018: 34,000,000) equity shares of ₹ 10 each	3,400.00	3,400.00
<b>Issued, subscribed and fully paid up</b>		
13,064,091 (31 March 2018: 13,030,854) equity shares of ₹10 each fully paid up	1,306.41	1,303.09
	<b>1,306.41</b>	<b>1,303.09</b>

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## a) Reconciliation of number of equity shares

	As at 31.03.2019		As at 31.03.2018	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
<b>Equity Shares:</b>				
Balance as at the beginning of the year	13,030,854	1,303.09	13,022,564	1,302.26
Add: Shares issued during the year under Employee Stock Option plan [refer note 39]	33,237	3.32	8,290	0.83
<b>Balance as at the end of the year</b>	<b>13,064,091</b>	<b>1,306.41</b>	<b>13,030,854</b>	<b>1,303.09</b>

## b) Rights, preferences and restrictions attached to shares

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

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

	As at 31.03.2019		As at 31.03.2018	
	%	No. of shares	%	No. of shares
Harish C Mariwala with Kishore V Mariwala (As representative of Valentine Family Trust)	11.23%	1,467,520	11.26%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Aquarius Family Trust)	11.23%	1,467,520	11.26%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Taurus Family Trust)	11.23%	1,467,520	11.26%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Gemini Family Trust)	11.23%	1,467,520	11.26%	1,467,520

## d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:-

There are no shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

## 19 OTHER EQUITY

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Capital Reserve</b>		
Balance at the beginning of the year	2,652.82	2,652.82
Balance at the end of the year	<b>2,652.82</b>	<b>2,652.82</b>
<b>General Reserve</b>		
Balance at the beginning of the year	-	-
Add: Transferred from Share Options Outstanding Account	17.10	-
Balance at the end of the year	<b>17.10</b>	-
<b>Securities premium</b>		
Balance at the beginning of the year	21,994.17	21,953.85
Add: Transferred from Share Options Outstanding Account	6.32	32.04
Add: Receipt on exercise of Employee Stock option	233.63	8.28
Balance at the end of the year	<b>22,234.12</b>	<b>21,994.17</b>

	As at 31.03.2019	As at 31.03.2018
<b>Share Options Outstanding Account</b>		
Balance at the beginning of the year	218.16	107.37
Less: Transferred to Securities premium	(6.32)	(32.04)
Less: Transferred to General reserve	(17.10)	-
Add: Compensation for employee stock option granted	35.19	142.83
Balance at the end of the year	<b>229.93</b>	<b>218.16</b>
<b>Retained earnings</b>		
Balance at the beginning of the year	(7359.82)	(6,009.48)
Adjustment on account of Ind AS 115	(2370.38)	-
Loss for the year	(395.71)	(1,333.57)
Re-measurements of defined benefit plan (net)	(22.10)	(16.77)
Balance at the end of the year	<b>(10,148.01)</b>	<b>(7,359.82)</b>
<b>Total</b>	<b>14,985.96</b>	<b>17,505.33</b>

**Securities premium**

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

**Share Options Outstanding Account**

The Company has established various equity-settled share-based payment plans for certain categories of employees of the Company. Refer note 39 for further details on these plans.

**Capital reserve**

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

**General reserve**

General reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. General reserve is transferred from Share Options Outstanding Account in Financial year 2018-19 for options vested but not exercised.

**20 LONG-TERM PROVISIONS**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for site restoration [refer note 23 (i)]	21.99	22.65
Provision for gratuity	90.62	-
<b>Total</b>	<b>112.61</b>	<b>22.65</b>

**21 TRADE PAYABLES**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Trade payables		
Total outstanding dues of Micro enterprises and Small enterprises [refer note below]	105.86	-
Due to related parties [refer note 38]	62.18	79.08
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	1,405.11	1,495.53
<b>Total</b>	<b>1,573.15</b>	<b>1,574.61</b>

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

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

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
the principal amount due thereon remaining unpaid to any supplier at the end of each accounting year;	105.60	-
the interest amount due thereon remaining unpaid to any supplier at the end of each accounting year;	0.26	-
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
<b>Total</b>	<b>105.86</b>	<b>-</b>

### 22 OTHER CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Capital creditors	31.54	81.07
<b>Total</b>	<b>31.54</b>	<b>81.07</b>

### 23 SHORT-TERM PROVISIONS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits [refer note 43]		
Provision for compensated absences	153.25	149.42
Provision for gratuity	-	69.12
Other provisions		
Provision for site restoration [refer note (i) below]	6.40	6.80
Other provisions [refer note (ii) below]	-	-
<b>Total</b>	<b>159.65</b>	<b>225.34</b>

#### (i) Provision for site restoration cost:

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	29.45	29.96
Add: Additions during the year	-	0.40
Add: Interest recognised during the year	-	-
Less: Provision utilised/written back during the year	(1.06)	(0.91)
<b>Balance at the end of the year</b>	<b>28.39</b>	<b>29.45</b>
Classified as Non-current:	21.99	22.65
Classified as current:	6.40	6.80
<b>Total</b>	<b>28.39</b>	<b>29.45</b>

The Company uses various leased premises. A provision for site restoration cost is recognised for the estimates made for probable liability towards the restoration of these premises at the end of lease period. Provision written back during the previous year represents site restoration cost written back due to revision in estimated probable liability towards restoration of leased premises.

**(ii) Other provisions:**

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

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	-	340.36
Add: Amounts provided during the year	-	-
Less: Liabilities written back during the year related to a statutory matter		(340.36)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

**24 OTHER CURRENT LIABILITIES**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Advance from customers	6,877.42	4,814.23
Statutory dues payable	511.41	162.66
Employee benefits payable	353.74	344.69
Others	105.32	98.27
<b>Total</b>	<b>7,847.89</b>	<b>5,419.85</b>

**25 REVENUE FROM OPERATIONS**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Sale of services#	16,013.73	16,031.39
Sale of products#	4,919.17	4,088.51
Other operating revenue	48.92	-
<b>Total</b>	<b>20,981.82</b>	<b>20,119.90</b>

# Skin and Hair care products and services

**26 OTHER INCOME**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Interest income on:		
Bank deposits	2.88	59.68
Income tax refund	12.54	11.84
Others	30.80	16.76
	46.22	88.28
Unwinding of discount on security deposits	125.59	123.33
Net gain on sale of current investments [including fair value gain 31 March 2019 - (₹16.23) lakhs ; 31 March 2018 - (₹93.28) lakhs]	138.89	379.95
Fees for corporate guarantee [refer note 38]	67.45	25.49
Liabilities written back to the extent no longer required (net)	-	340.36
Net foreign exchange gain	51.80	-
Other miscellaneous income	61.28	0.85
<b>Total</b>	<b>491.23</b>	<b>958.26</b>



## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

### 27 COST OF MATERIALS CONSUMED

(₹ in lakhs)		
	Year ended 31.03.2019	Year ended 31.03.2018
Raw materials consumed	836.66	568.04
Packing materials consumed	782.18	577.10
<b>Total</b>	<b>1,618.84</b>	<b>1,145.14</b>

### 28 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

(₹ in lakhs)		
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Opening inventories</b>		
Finished goods	656.39	785.03
Work-in-progress	43.26	44.40
Stock-in-trade	47.30	44.37
	<b>746.95</b>	<b>873.80</b>
<b>Closing inventories</b>		
Finished goods	827.27	656.39
Work-in-progress	16.85	43.26
Stock-in-trade	59.75	47.30
	<b>903.87</b>	<b>746.95</b>
<b>Total changes in inventories of finished goods, work-in-process and stock-in-trade - (Increase)/ decrease</b>	<b>(156.92)</b>	<b>126.85</b>

### 29 EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)		
	Year ended 31.03.2019	Year ended 31.03.2018
Salaries, wages and bonus	4,533.45	4,612.83
Staff welfare expenses	422.65	429.98
Contribution to provident and other funds [refer note 43]	264.10	268.11
Employee stock option charge [refer note 39]	28.09	76.40
Defined benefit expense [refer note 43]	31.00	38.31
<b>Total</b>	<b>5,279.29</b>	<b>5,425.63</b>

### 30 FINANCE COSTS

(₹ in lakhs)		
	Year ended 31.03.2019	Year ended 31.03.2018
Loan processing fees	-	8.85
Interest on site restoration	-	1.16
Interest on short-term borrowings	-	0.02
<b>Total</b>	<b>-</b>	<b>10.03</b>

**31 DEPRECIATION AND AMORTISATION EXPENSE**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Depreciation on property, plant and equipment	1,472.76	1,266.71
Amortisation on intangible assets	54.57	47.40
<b>Total</b>	<b>1,527.33</b>	<b>1,314.11</b>

**32 OTHER EXPENSES**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Consumption of consumables and stores and spare parts [includes liabilities written back as on 31 March 2019 : Nil and 31 March 2018 : ₹ 23.64 lakhs]	2,689.40	2,858.00
Electricity and water expenses	397.78	336.54
Rent	3,725.00	3,545.94
Contract labour charges	416.18	366.36
Payments to consultants	2,242.47	2,095.21
Contract manufacturing charges	229.68	181.41
Repairs to:		
Plant and machinery	46.68	76.10
Building	931.51	969.02
Others	288.79	407.24
	1,266.98	1,452.36
Insurance	38.73	30.47
Rates and taxes	105.79	141.83
Travelling, conveyance and vehicle expenses	262.37	295.83
Payment to auditors:		
Statutory audit fees	28.50	26.00
Tax audit fees	1.00	1.00
Other services	1.00	4.50
Out of pocket expenses	0.97	2.10
	31.47	33.60
Legal and professional charges	489.18	363.64
Printing, stationery and communication expenses	355.25	263.85
Bank charges	271.40	201.06
Directors sitting fees [refer note 38]	29.00	45.06
Advertisement and sales promotion	1,262.99	1,768.00
Freight forwarding and distribution expenses	23.70	15.99
Net loss on foreign currency transactions and translation	51.26	24.25
Loss on sale / discarding of property, plant & equipment (net)	0.49	7.16
Provision for doubtful advances	0.08	67.65
Provision for doubtful deposits	-	21.04
Provision for doubtful debts	2.73	-
Miscellaneous expenses	119.51	208.66
<b>Total</b>	<b>14,011.44</b>	<b>14,323.91</b>

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

### 33 FAIR VALUE MEASUREMENT

#### (a) Financial Instrument by category

(₹ in lakhs)

Particulars	Note	As at 31.03.2019		
		FVPL	FVOCI	Amortised cost
<b>Financial assets</b>				
Investments in subsidiaries	5	-	-	9451.11
Investments	13	1,442.87	-	-
Trade receivables	14	-	-	553.51
Loans	6 and 12	-	-	2,239.49
Cash and cash equivalents	15A	-	-	417.20
Bank balances other than above	15B	-	-	43.43
Other financial assets	7 and 16	-	-	309.61
<b>Total financial assets</b>		<b>1,442.87</b>	<b>-</b>	<b>13,014.35</b>
<b>Financial liabilities</b>				
Trade payables	21	-	-	1,573.15
Other financial liabilities	22	-	-	31.54
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>1,604.69</b>

(₹ in lakhs)

Particulars	Note	As at 31.03.2018		
		FVPL	FVOCI	Amortised cost
<b>Financial assets</b>				
Investments in subsidiaries	5	-	-	9451.11
Investments	13	2,008.30	-	-
Trade receivables	14	-	-	411.79
Loans	6 and 12	-	-	1,947.77
Cash and cash equivalents	15A	-	-	348.69
Bank balances other than above	15B	-	-	25.85
Other financial assets	7 and 16	-	-	250.56
<b>Total financial assets</b>		<b>2,008.30</b>	<b>-</b>	<b>12,435.77</b>
<b>Financial liabilities</b>				
Trade payables	21	-	-	1,574.61
Other financial liabilities	22	-	-	81.07
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>1,655.68</b>

**(b) Fair value hierarchy**

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

(₹ in lakhs)

	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2019</b>					
<b>Financial assets</b>					
Investments	13	-	1,442.87	-	1,442.87
<b>Total Financial assets</b>		-	<b>1,442.87</b>	-	<b>1,442.87</b>
Financial liabilities	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

(₹ in lakhs)

	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2019</b>					
Financial assets	NA	-	-	-	-
<b>Total Financial assets</b>		-	-	-	-
Financial liabilities	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

(₹ in lakhs)

	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2018</b>					
<b>Financial assets</b>					
Investments	13	-	2,008.30	-	2,008.30
<b>Total Financial assets</b>		-	<b>2,008.30</b>	-	<b>2,008.30</b>
Financial liabilities	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

(₹ in lakhs)

	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2018</b>					
Financial assets	NA	-	-	-	-
<b>Total Financial assets</b>		-	-	-	-
Financial liabilities	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

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

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

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

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

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

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

(₹ in lakhs)

	Note	As at 31.03.2019		As at 31.03.2018	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>					
<b>Other Assets</b>					
Investments in subsidiaries	5	9451.11	9451.11	9451.11	9451.11
Trade receivables	14	553.51	553.51	411.79	411.79
Cash and cash equivalents	15A	417.20	417.20	348.69	348.69
Bank balances other than above	15B	43.43	43.43	25.85	25.85
Loans	6 and 12	2,239.49	2239.49	1,947.77	1,947.77
Other financial assets	7 and 16	309.61	309.61	250.56	250.56
		<b>13,014.35</b>	<b>13,014.35</b>	<b>12,435.77</b>	<b>12,435.77</b>
<b>Financial Liabilities</b>					
Trade payables	21	1,573.15	1,573.15	1,574.61	1,574.61
Other financial liabilities	22	31.54	31.54	81.07	81.07
		<b>1,604.69</b>	<b>1,604.69</b>	<b>1,655.68</b>	<b>1,655.68</b>

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

## 34 FINANCIAL RISK MANAGEMENT

### Financial risk

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

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

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

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

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

**(A) Credit Risk**

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

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

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

The gross carrying amount of trade receivables is ₹558.89 lakhs as at 31 March 2019 and ₹414.44 lakhs as at 31 March 2018.

**Reconciliation of loss allowance provision- trade receivables**

	31.03.2019	31.03.2018
Loss allowance at the beginning of the year	(2.65)	(1.61)
Add : Changes in loss allowances	(2.73)	(1.04)
<b>Balance at the end of the year</b>	<b>(5.38)</b>	<b>(2.65)</b>

The Company has majorly trade receivables outstanding from India amounting to ₹499.41 lakhs as at 31 March 2019 (31 March 2018 - ₹369.78 lakhs) except amount receivable from related party amounting to ₹59.48 lakhs as at 31 March 2019 (31 March 2018 - ₹44.66 lakhs). There are no significant amounts due more than 180 days and not provided for. Management believes that these are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The Company maintains exposure in Cash and cash equivalents, Term deposits with banks, Loans, Security deposits and Other financial assets.

Security deposits are interest free deposits given by the Company for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of Security deposits is ₹ 1,455.62 lakhs as at 31 March 2019 and ₹1,432.66 lakhs as at 31 March 2018.

Advances are given to subsidiaries for various operational requirements. Provision is made on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of loans and advances is ₹175.22 lakhs as at 31 March 2019 and ₹142.14 lakhs as at 31 March 2018.

**(B) LIQUIDITY RISK**

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

The current ratio (i.e. current asset to current liabilities) of the Company as at 31 March 2019 is 0.82 (As at 31 March 2018 is 1.01) whereas the liquid ratio (i.e. liquid assets to current liabilities) of the Company as at 31 March 2019 is 0.47 (As at 31 March 2018 is 0.54)

**Maturity patterns of financial liabilities**

							(₹ in lakhs)
As at 31 March 2019	Note	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total	
Trade payables	21	1,573.15	-	-	-	1,573.15	
Other financial liabilities	22	31.54	-	-	-	31.54	
<b>Total</b>		<b>1,604.69</b>	-	-	-	<b>1,604.69</b>	

							(₹ in lakhs)
As at 31 March 2018	Note	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total	
Trade payables	21	1,574.61	-	-	-	1,574.61	
Other financial liabilities	22	81.07	-	-	-	81.07	
<b>Total</b>		<b>1,655.68</b>	-	-	-	<b>1,655.68</b>	

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## (C) Market Risk

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

### (i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures on account of procurement of goods and services, primarily with respect to US Dollar, EURO and AED.

The Company's management regularly reviews the currency risk. However, at this stage the Company has not entered into any forward exchange contracts or other arrangements to cover this risk as the risk is not material.

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

	(Foreign Currency in lakhs)		
As at 31 March 2019	USD	EURO	AED
<b>Financial assets</b>			
Trade receivables	0.31	-	-
Advance to supplier and related parties	4.48	0.01	28.53
<b>Financial liabilities</b>			
Trade payables	0.82	-	-

	(Foreign Currency in lakhs)		
As at 31 March 2018	USD	EURO	AED
<b>Financial assets</b>			
Trade receivables	0.69	-	-
Advance to supplier and related parties	3.27	0.14	28.53
<b>Financial liabilities</b>			
Trade payables	0.91	0.06	-

### Foreign Currency Risk Sensitivity

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

(₹ in lakhs)

	31.03.2019		31.03.2018	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	2.75	(2.75)	1.98	(1.98)
EURO	0.01	(0.01)	0.06	(0.06)
AED	5.37	(5.37)	5.02	(5.02)
<b>(Increase) / decrease in reported loss</b>	<b>8.13</b>	<b>(8.13)</b>	<b>7.06</b>	<b>(7.06)</b>

### (ii) Price Risk:

Mutual fund Net Asset Values ( NAVs) are impacted by a number of factors like interest rate risk, credit risk, liquidity risk, market risk in addition to other factors. A movement of 1% in NAV on either side can lead to a gain/loss of ₹ 14.43 lakhs and ₹ 20.08 lakhs, on the overall portfolio as at 31 March 2019 and 31 March 2018 respectively.

## 35 CAPITAL MANAGEMENT

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

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

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



**36 DISCLOSURE UNDER IND AS 115, REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Company adopted Ind AS 115 with a modified retrospective approach, with the effect of initially applying this standard being recognised at the date of initial application (i.e. 1 April 2018) in Retained Earnings. Hence, the figures for the comparative periods and year ended 31 March 2018 have not been restated. On adoption of Ind AS 115, the Company refined its accounting of performance obligations including allocation of fair values and treatment of upfront fees. Consequently, ₹2,370.38 lakhs of Revenue from Operations has been reduced from Retained Earnings as at 31 March 2018. Further, as a result of this change, Revenue from Operations for the year ended 31 March 2019 is higher by ₹113.24 lakhs and loss after tax is lower by an equal amount. The Basic and Diluted EPS for the year ended 31 March 2019 is ₹(3.03) per share instead of ₹(3.90) per share.

(₹ in lakhs)

Particulars	As at 31.03.2019
Details of contract liabilities balances:	
Balance as at beginning of the year	7,184.61
Advances received from the customers	15,706.54
Revenue recognised from contracts at the beginning of the reporting period and advances received during the year	16,013.73
Balance as at end of the year	6,877.42

**Information on performance obligations in contracts with Customers:**

(₹ in lakhs)

Particulars	2020	2021-2025	Total
Contract revenue	6,067.39	810.03	6,877.42

**Changes in accounting policy****A. Reconciliation between balances without adoption of Ind AS 115 and as reported**

(₹ in lakhs)

Particulars	As reported	Adjustments	Balance without adoption of Ind AS 115
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4,142.88	-	4,142.88
Capital work-in-progress	83.75	-	83.75
Intangible assets	181.49	-	181.49
<b>Financial assets</b>			
Investment in subsidiaries	9,451.11	-	9,451.11
Loans	1,314.19	-	1,314.19
Other financial assets	1.96	-	1.96
Deferred tax assets	2,106.66	-	2,106.66
Non-current tax assets	387.36	-	387.36
Other non-current assets	470.17	-	470.17
<b>Current assets</b>			
Inventories	3,401.84	-	3,401.84
<b>Financial assets</b>			
Loans	925.30	-	925.30
Investments	1,442.87	-	1,442.87
Trade receivables	553.51	-	553.51
Cash and cash equivalents	417.20	-	417.20
Bank balances other than above	43.43	-	43.43
Others financial assets	307.65	-	307.65
Other current assets	785.84	-	785.84
<b>TOTAL ASSETS</b>	<b>26,017.21</b>	<b>-</b>	<b>26,017.21</b>

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

Particulars	As reported	Adjustments	(₹ in lakhs)
			Balance without adoption of Ind AS 115
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	1,306.41	-	1,306.41
Other equity	14,985.96	2,370.38	17,356.34
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term provisions	112.61	-	112.61
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	-	-	-
Total outstanding dues of Micro enterprises and Small enterprises	105.86	-	105.86
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	1,467.29	-	1,467.29
Other financial liabilities	31.54	-	31.54
Short-term provisions	159.65	-	159.65
Other current liabilities	7,847.89	(2,370.38)	5,477.51
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26,017.21</b>	<b>-</b>	<b>26,017.21</b>

## B. Reconciliation of total comprehensive income for the year ended 31 March 2019

Particulars	As reported	Adjustments	(₹ in lakhs)
			Balance without adoption of Ind AS 115
<b>Income</b>			
Revenue from operations	20,932.90	(113.24)	20,819.66
Other operating revenue	48.92	-	48.92
Other income	491.23	-	491.23
<b>Total Income</b>	<b>21,473.05</b>	<b>(113.24)</b>	<b>21,359.81</b>
<b>Expenses</b>			
Cost of materials consumed	1,618.84	-	1,618.84
Purchases of stock-in-trade	143.78	-	143.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(156.92)	-	(156.92)
Employee benefits expense	5,279.29	-	5,279.29
Finance costs	-	-	-
Depreciation and amortisation expense	1,527.33	-	1,527.33
Other expenses	14,011.44	-	14,011.44
<b>Total expenses</b>	<b>22,423.76</b>	<b>-</b>	<b>22,423.76</b>
<b>Loss before tax</b>	<b>(950.71)</b>	<b>(113.24)</b>	<b>(1,063.95)</b>
<b>Tax expense</b>			
Current tax	-	-	-
Deferred tax (credit)	-	-	-
Tax for earlier years	(555.00)	-	(555.00)
<b>Loss for the year</b>	<b>(395.71)</b>	<b>(113.24)</b>	<b>(508.95)</b>
<b>Other Comprehensive Income / (Losses)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of net defined benefit plans	(22.10)	-	(22.10)
<b>Other Comprehensive Income for the year</b>	<b>(22.10)</b>	<b>-</b>	<b>(22.10)</b>
<b>Total Comprehensive Income for the year</b>	<b>(417.81)</b>	<b>(113.24)</b>	<b>(531.05)</b>

**37 IND AS 116 DISCLOSURE**

The new standard on leases sets out the principles for the recognition, measurement, presentation and disclosure of the leases. The core objective of this standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represent those transactions.

The Company is required to adopt Ind AS 116, Leases from 1 April, 2019. Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straightline basis whilst the lease liability reduces by the principal amount of repayments;

- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Company at various stages of their terms; and

- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

**38 RELATED PARTY DISCLOSURE AS PER IND AS****I. Name of related parties and nature of relationship:**

Relationships	Country of Incorporation	Ownership Interest held by the group		Ownership Interest held by the non controlling interest	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
<b>(a) Subsidiary companies</b>					
KME Holdings Pte Limited	Singapore	100%	100%	0%	0%
Kaya Middle East DMCC	United Arab Emirates	100%	100%	0%	0%
<b>(b) Step-down subsidiary companies</b>					
Kaya Middle East FZE	United Arab Emirates	100%	100%	0%	0%
IRIS Medical Centre LLC		85%	85%	15%	15%
Minal Medical Centre LLC		75%	75%	25%	25%
Minal Specialised Clinic Dermatology LLC		75%	75%	25%	25%

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

**(c) Joint Venture Partners**

Kaya - Al Beda JV (till 31 January 2019)                      Kuwait

**(d) Key Management Personnel (KMP)**

Mr. Harsh Mariwala - Chairman and Managing Director

Mr. B. S. Nagesh - Independent Director

Mr. Irfan Mustafa - Independent Director

Mr. Nikhil Khattau - Independent Director

Mr. Rajen Mariwala - Director

Ms. Ameera Shah - Independent Director

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

Marico Limited

Soap Opera

Aqua Centric Private Limited

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

(₹ in lakhs)

Nature of transaction	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies
	For the year ended 31.03.2019	For the year ended 31.03.2019	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2018	For the year ended 31.03.2018
<b>Sale of goods</b>						
Kaya Middle East FZE	-	-	85.20	-	-	100.78
<b>Brand promotion income</b>						
Soap Opera	-	55.25	-	-	-	-
<b>Purchase of Goods</b>						
Marico Limited	-	2.57	-	-	4.27	-
Soap Opera	-	157.61	-	-	161.93	-
<b>Corporate Guarantee Fees</b>						
Kaya Middle East FZE	-	-	37.36	-	-	-
Kaya Middle East DMCC	-	-	30.09	-	-	25.49
<b>Reimbursement of costs</b>						
Kaya Middle East FZE	-	-	0.76	-	-	86.77
<b>Royalty fees</b>						
Marico Limited	-	2.27	-	-	-	-
<b>Manpower Cross charge</b>						
Kaya Middle East FZE	-	-	33.92	-	-	-
Aqua Centric Private Limited	-	22.00	-	-	-	-

Nature of transaction	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies	Key Management Personnel (KMP)	Enterprises over which KMP or their relative have significant Influence	Subsidiaries Companies
	For the year ended 31.03.2019	For the year ended 31.03.2019	For the year ended 31.03.2019	For the year ended 31.03.2018	For the year ended 31.03.2018	For the year ended 31.03.2018
<b>Reimbursement of expenses paid on behalf of Company</b>						
Marico Limited	-	57.39	-	-	63.00	-
Kaya Middle East FZE	-	-	0.41	-	-	-
Soap Opera	-	-	-	-	0.22	-
<b>Reimbursement of expenses paid by Company on behalf of</b>						
Kaya Middle East FZE	-	-	65.99	-	-	69.25
Soap Opera	-	-	-	-	0.07	-
<b>Directors sitting fees</b>						
Mr. B. S. Nagesh	8.00	-	-	12.01	-	-
Mr. Irfan Mustafa	4.50	-	-	8.01	-	-
Mr. Nikhil Khattau	6.50	-	-	9.01	-	-
Mr. Rajen Mariwala	4.50	-	-	8.01	-	-
Ms. Ameer Shah	5.50	-	-	8.02	-	-
<b>Rent paid</b>						
Marico Limited	-	79.75	-	-	93.22	-
<b>Corporate Guarantee given</b>						
Kaya Middle East DMCC	-	-	-	-	-	2,548.59
<b>Loan given</b>						
Kaya Middle East DMCC	-	-	248.05	-	-	511.01
<b>Interest on loan</b>						
Kaya Middle East DMCC	-	-	30.51	-	-	14.37
<b>Investments made</b>						
KME Holdings Pte. Ltd.	-	-	-	-	-	5,100.00

**III Outstanding balances**

(₹ in lakhs)

Nature of transaction	As at 31.03.2019	As at 31.03.2018
<b>Loan given</b>		
<b>Short-term</b>		
Kaya Middle East DMCC	537.79	-
<b>Long-term</b>		
Kaya Middle East DMCC	242.63	503.70
<b>Other current financial assets</b>		
Kaya Middle East DMCC	15.84	9.92
Aqua Centric Private Limited	22.00	-

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

(₹ in lakhs)

Nature of transaction	As at 31.03.2019	As at 31.03.2018
<b>Other current assets</b>		
Kaya Middle East FZE	161.86	116.17
Kaya Middle East DMCC	13.36	25.97
<b>Security deposits</b>		
Marico Limited	-	10.00
<b>Trade receivables</b>		
Kaya Middle East FZE	21.54	44.66
Marico Limited	2.27	-
Soap Opera	13.68	-
<b>Trade payables</b>		
Marico Limited	41.91	47.89
Soap Opera	20.27	31.19
<b>Non - current investments</b>		
Kaya Middle East DMCC	8.70	8.70
KME Holdings Pte Ltd	9,442.41	9,442.41
<b>Corporate guarantee</b>		
Kaya Middle East DMCC	3,339.10	3,166.44
Kaya Middle East FZE	2,831.46	2,647.36

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

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

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

(₹ in lakhs)

Nature of transaction	As at 31.03.2019	As at 31.03.2018
<b>Loans/advances to subsidiary: Kaya Middle East FZE</b>		
Balances as at the year end	161.86	116.17
Maximum amount outstanding at any time during the year	186.85	116.17
<b>Loans/advances to subsidiary: Kaya Middle East DMCC</b>		
Balances as at the year end	809.62	539.58
Maximum amount outstanding at any time during the year	809.62	539.58

**39 SHARE BASED PAYMENTS****a) Kaya ESOP 2014:**

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

<b>Kaya ESOP 2014</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Weighted average share price of options exercised	300	300
<b>Number of options granted, exercised, and forfeited</b>		
Balance at the beginning of the year	-	5,450
Granted during the year	-	-
Less: Exercised during the year	-	5,450
Forfeited/lapsed during the year	-	-
<b>Balance as at end of the year</b>	-	-
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	<b>NA</b>	<b>NA</b>

**b) Kaya ESOP 2016:**

During the year ended 31 March 2017, the Board of Directors of the Company has granted 253,893 stock options at ₹732 per option, to certain eligible employees of the Company and Kaya Middle East FZE (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme I. One stock option is represented by one equity share of Kaya Limited.

The Options granted under Kaya ESOP 2016 - Scheme I shall vest over 3 years from the Grant Date in the following manner:

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

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

<b>Kaya ESOP 2016 Scheme - I</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Weighted average share price of options exercised	732	732
<b>Number of options granted, exercised, and forfeited</b>		
Balance at the beginning of the year	123,013	144,558
Granted during the year	-	-
Less: Exercised during the year	33,237	2,840
Forfeited/lapsed during the year	45,094	18,705
<b>Balance as at end of the year</b>	<b>44,682</b>	<b>123,013</b>
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	<b>1</b>	<b>2</b>



## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

During the earlier years, the Board of Directors of the Company had granted 27,400 stock options at ₹1,063.80 per option and 14,700 stock options at ₹1,063.80 per option, to certain employees of the Company and Kaya Middle East FZE (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme II & Scheme III, respectively. One stock option is represented by one equity share of Kaya Limited.

The Options granted under Kaya ESOP 2016 - Scheme II & Scheme III shall vest on 31 March 2019 and 31 March 2020 respectively. The Exercise Period is of one year from the vesting date.

	31.03.2019			31.03.2018		
	Scheme III			Scheme II		Scheme III
<b>Kaya ESOP 2016</b>						
Weighted average share price of options exercised	1063.80			1063.80		1063.80
<b>Number of options granted, exercised, and forfeited</b>						
Balance at the beginning of the year	14,700			-		-
Granted during the year	-			27,400		14,700
Less: Exercised during the year	-			-		-
Forfeited/lapsed during the year	-			27,400		-
<b>Balance as at end of the year</b>	<b>14,700</b>			<b>-</b>		<b>14,700</b>
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	<b>1</b>			<b>NA</b>		<b>2</b>

During the year, the Board of Directors of the Company has granted 25,118 stock options at ₹1,066.62 per option to certain employees of the Company and Kaya Middle East FZE (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme III, respectively. One stock option is represented by one equity share of Kaya Limited.

	31.03.2019		
	Scheme III		
<b>Kaya ESOP 2016</b>			
Weighted average share price of options exercised	1,066.62		
<b>Number of options granted, exercised, and forfeited</b>			
Balance at the beginning of the year	-		
Granted during the year	25,118		
Less: Exercised during the year	-		
Forfeited/lapsed during the year	6,078		
<b>Balance as at end of the year</b>	<b>19,040</b>		
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	<b>1</b>		

The Company has applied the fair value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted ₹28.09 lakhs (31 March 2018: ₹76.40 lakhs) as compensation cost under the 'fair value' method [refer note 29].

Particulars	2019	2018
Aggregate of all stock options to current paid-up equity share capital (percentage)	1%	1%

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

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

**40 CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS****(a) Contingent liabilities**

(₹ in lakhs)

Description	As at 31.03.2019	As at 31.03.2018
Claims against the Company not acknowledged as debts in respect of		
- Sales tax	150.41	75.97
- Service tax matters	436.80	436.80
- Goods and services tax matters	48.03	-
<b>Total</b>	<b>635.24</b>	<b>512.77</b>

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

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

**(c) Capital and other commitments**

(₹ in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	236.51	143.47

(d) The Hon'ble Supreme Court of India ("SC") vide their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements.

**41 LEASES**

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

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

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Lease payments recognised in the Statement of Profit and Loss during the year*	3,725.00	3,545.94
Future minimum lease rentals payable:		
not later than one year	1,774.52	1,775.38
later than one year but not later than five years	4,396.23	5,056.77
later than five years	1,470.54	1,691.88

\* Including Contingent Rent ₹ 9.42 lakhs (31 March 2018 - ₹ 10.67 lakhs)

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## 42 SEGMENT INFORMATION

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

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

## 43 POST RETIREMENT BENEFIT PLANS

### I. Defined contribution plan:

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

	(₹ in lakhs)	
	Year ended 31.03. 2019	Year ended 31.03. 2018
Contribution to provident fund	204.21	204.54
Contribution to employee state insurance contribution	59.76	63.45
Contribution to labour welfare fund	0.13	0.12
<b>Total</b>	<b>264.10</b>	<b>268.11</b>

### II. Defined benefit plan:

Gratuity:

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

### A. Balance sheet amounts - Gratuity

	(₹ in lakhs)		
	Present value of Obligation	Fair value of plan assets	Net amount
<b>As at 31 March 2018</b>	<b>175.84</b>	<b>93.36</b>	<b>69.12</b>
Current service cost	26.21	-	26.21
Interest expense	12.19	(7.40)	4.79
Past service Cost	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>38.40</b>	<b>7.40</b>	<b>31.00</b>
Remeasurements			
(Gain)/loss from on obligation - due to change in financial assumption	(1.52)	-	(1.52)
(Gain)/loss from on obligation - due to experience	24.87	(1.25)	23.62
Benefit Payments	(31.60)	-	(31.60)
<b>As at 31 March 2019</b>	<b>205.99</b>	<b>84.71</b>	<b>90.62</b>

(₹ in lakhs)

	Present value of Obligation	Fair value of plan assets	Net amount
<b>As at 1 April 2017</b>	<b>155.20</b>	<b>101.71</b>	<b>53.49</b>
Current service cost	26.00	-	26.00
Interest expense/(income)	10.20	(6.68)	3.52
Past service Cost	8.79	-	8.79
<b>Total amount recognised in profit or loss</b>	<b>44.99</b>	<b>(6.68)</b>	<b>38.31</b>
Remeasurements			
(Gain)/loss from on obligation - due to change in financial assumption	(1.50)	-	(1.50)
(Gain)/loss from on obligation - due to experience	16.60	(1.67)	18.27
Benefit Payments	(39.45)	-	(39.45)
<b>As at 31 March 2018</b>	<b>175.84</b>	<b>93.36</b>	<b>69.12</b>

**B. Recognised in Statement of Profit or loss**

(₹ in lakhs)

For the year	31.03.2019	31.03.2018
Current service cost	26.21	26.00
Interest expense (net)	4.79	3.52
Past Service Cost	-	8.79
	31.00	38.31

**C. Recognised in other comprehensive income**

(₹ in lakhs)

For the year	31.03.2019	31.03.2018
Actuarial (Gain)/loss from on obligation	22.10	16.77
	22.10	16.77

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

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Present value of funded obligations	205.99	175.84
Fair value of plan assets	(115.37)	(106.72)
<b>Deficit of gratuity plan</b>	<b>90.62</b>	<b>69.12</b>

**E. The significant actuarial assumptions were as follows:**

	As at 31.03.2019	As at 31.03.2018
Discount rate	6.53%	6.93%
Rate of return on plan assets*	6.53%	6.93%
Future salary rise*	8.00%	8.00%
Attrition Rate	30 % and 41%	23 % and 41%
Mortality	Indian assured lives Mortality (2006-08) Ultimate	Indian assured lives Mortality (2006-08) Ultimate

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

## Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

### F. Sensitivity

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

(₹ in lakhs)

	31 March 2019		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(3.74)	3.95
Rate of salary increase	1%	3.57	(3.45)
Rate of employee turnover	1%	(1.23)	1.26

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

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

### G. The defined benefit obligations shall mature after year end as follows:

(₹ in lakhs)

Year ending March 31	2019	2018
1st following year	65.47	51.75
2nd following year	47.03	38.47
3rd following year	38.75	29.98
4th following year	26.10	24.53
5th following year	18.69	17.48
Sum of years 6 to 10	34.40	36.78

### H. Risk exposure

The Company is exposed to below risks, pertaining to its defined benefit plans.

**Asset volatility :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan assets has investments in insurance/equity managed fund, fixed income securities with high grades, public/private sector units and government securities. Hence assets are considered to be secured.

**Changes in bond yields :** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

### I. Compensated absences

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

	As at 31.03.2019	As at 31.03.2018
Opening balance of Compensated absences	149.42	172.10
Present value of compensated absences (As per actuarial valuation) as at the year end	153.25	149.42

**44 EARNINGS PER SHARE**

	Year ended 31.03.2019	Year ended 31.03.2018
<b>(a) Basic earnings/(loss) per share</b>		
Basic earnings/(loss) per share attributable to the equity holders of the Company (in ₹)	(3.03)	(10.24)
<b>(b) Diluted earnings per share</b>		
Diluted earnings/(loss) per share attributable to the equity holders of the Company(in ₹)*	(3.03)	(10.24)
<b>(c) Earnings/(loss) used in calculating earnings per share</b>		
For basic earnings/(loss) per share	(395.71)	(1,333.57)
For diluted earnings/(loss) per share	(395.71)	(1,333.57)
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares in calculating basic earnings/(loss) per share	13,053,691	13,028,104
Impact of Share Options* - Anti Dilutive	1,220	10,251
<b>Weighted average number of equity shares and potential equity shares in calculating diluted earning/(loss) per share</b>	<b>13,053,691</b>	<b>13,028,104</b>

\* Since the earnings/(loss) per share computation based on dilutive weighted average number of shares is anti-dilutive, the basic and diluted earnings/(loss) per share is the same.

45 The Company in light of losses incurred in the past years is not required to spend any amount towards Corporate Social Responsibility for the year 2018-19.

46 The MCA wide notification dated 11 October 2018 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures. The Company has incorporated appropriate changes in the financial statements.

**47 Disclosure as per Section 186 of the Companies Act, 2013 and SEBI regulations**

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and as per Regulation 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations are as follows:

**Disclosure as per Section 186 of the Companies Act, 2013 and SEBI regulations****Details of Loans, Guarantees and Investments during the year ended 31 March 2019 as per section 186(4) of the Act:**

(₹ In Lakhs)

	KME Holdings Pte Ltd.	Kaya Middle East FZE	Kaya Middle East DMCC	Purpose
<b>Opening balance as at 1 April 2018</b>	9,442.41	2,647.36	3,686.15	
<b>Additions:</b>				
Investments made during the year	-	-	-	
Loan given during the year	-	-	242.63	For Working Capital requirements
Guarantee given during the year	-	-	-	
Effect of foreign exchange	-	184.10	-	Foreign exchange fluctuation
<b>Repayments/redemption:</b>				
Investments redeemed/sold during the year	-	-	-	
Loan re-paid during the year	-	-	-	
Guarantee expired during the year	-	-	-	
Effect of foreign exchange	-	-	347.05	Foreign exchange fluctuation
<b>Closing balance as at 31 March 2019</b>	<b>9,442.41</b>	<b>2,831.46</b>	<b>3,581.73</b>	

Maximum amount of loan balance outstanding during the year in Kaya Middle East DMCC amounting to ₹809.62 lakhs

# Notes to Standalone Financial Statements (Contd.)

for the year ended 31 March 2019

## Details of Loans, Guarantees and Investments during the year ended 31 March 2018 as per section 186(4) of the Act:

(₹ In Lakhs)

	KME Holdings Pte Ltd.	Kaya Middle East FZC*	Kaya Middle East DMCC	Purpose
<b>Opening balance as at 1 April 2017</b>	<b>4,342.41</b>	<b>2,647.36</b>	<b>4,813.25</b>	
<b>Additions:</b>				
Investments made during the year	5,100.00	-	-	- Equity infusion in KME Holdings Pte. Ltd. to buy minority shareholder of KME FZC entity i.e. for share based payments
Loan given during the year	-	-	511.01	For Working Capital requirements
Guarantee given during the year	-	-	2,548.59	It's a co-borrowing of Kaya Middle East DMCC & Kaya Middle East FZC and is for purpose to meet capital expenditure requirements and for enabling loan facility from Banks
<b>Repayments/redemption:</b>				
Investments redeemed/sold during the year	-	-	-	
Loan re-paid during the year	-	-	-	
Guarantee expired during the year	-	-	4,186.70	
<b>Closing balance as at 31 March 2018</b>	<b>9,442.41</b>	<b>2,647.36</b>	<b>3,686.15</b>	

\*Kaya Middle East FZC (formerly known as "Kaya Middle East FZE")

Maximum amount of loan balance outstanding during the previous year in Kaya Middle East DMCC amounting to ₹539.58 lakhs

Notes referred to above form an integral part of the standalone financial statements.

As per our report of even date attached.

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

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Nikhil Khattau**  
Director  
DIN: 00017880

**Rajiv Nair**  
Chief Executive Officer

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary



# Consolidated Independent Auditor's Report

**To the Members of Kaya Limited**

**Report on the Audit of Consolidated Financial Statements**

## **Opinion**

We have audited the consolidated financial statements of Kaya Limited (hereinafter referred to as the 'Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2019, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint ventures were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2019, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

## **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Consolidated Independent Auditor’s Report (Contd.)

### Description of Key Audit Matter

The key audit matter	How the matter was addressed in our audit
<p><b>Revenue recognition</b></p> <p>(Refer note 26 to the consolidated financial statements)</p> <p>The Group primarily earns revenue from rendering of services to customers in clinics and from sale of products. The Group recognises revenue when a performance obligation is satisfied by transferring a promised good or service to the customer.</p> <p>We identified revenue recognition as a KAM considering –</p> <ul style="list-style-type: none"> <li>• there is an inherent risk around the accuracy of revenues given the large number of clinics which on a daily basis handle large volume of transactions and cash, and determination of revenue for each session requires complex IT systems and exchange of information with IT systems;</li> <li>• application of revenue recognition accounting standard is complex and involves a number of key judgments and estimates including in determining the timing of recognition of unconsumed sessions under deferred revenue account;</li> <li>• the accounting for rendering of services is susceptible to management override of controls through the recording of manual journals in the accounting records, the override of IT systems to accelerate revenue recognition, or the manipulation of inputs used to calculate revenue recorded in respect of unused sessions; and</li> <li>• at year-end, a significant amount of deferred revenue of ₹10,412.91 lakhs related to these services is recognised on the balance sheet.</li> </ul>	<p>Our audit procedures on revenue recognized from services included</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the systems, processes and controls implemented by management for recording and calculating revenue and the associated deferred revenue balances.</li> <li>• Involving Information technology (‘IT’) specialists to: <ul style="list-style-type: none"> <li>➤ assess the design and operating effectiveness of key IT controls over IT environment in which the business systems operate, including access controls, program change controls, program development controls and IT operation controls; and</li> <li>➤ test the IT controls over the completeness and accuracy of reports generated by the system.</li> </ul> </li> <li>• Detailed testing on a sample of sales transactions from origination through to the general ledger to ensure that revenue recognised was complete and was recorded in the appropriate period and at the correct value.</li> <li>• On selected samples, we <ul style="list-style-type: none"> <li>➤ tested the reconciliation of daily sales report with the cash collected at the clinics and of its deposit into bank;</li> <li>➤ verified monthly sales with corresponding collection of amount in bank or other cashless payment modes;</li> <li>➤ verified the breakage provision which is created (based on past trends) for deferral of revenue in respect of partly consumed packages, on their normal expiry;</li> <li>➤ verified redemption ratio towards loyalty points since it is based on past trend; and</li> <li>➤ performed trend analysis of monthly sales at each clinic and enquired reasons for significant variations.</li> </ul> </li> </ul>

The key audit matter	How the matter was addressed in our audit
<b>Impairment of goodwill</b>	
<p>(Refer note 5 to the consolidated financial statements)</p> <p>The Group has recognised Goodwill of ₹9,653.84 lakhs as at 31 March 2019. We focused on this area because of the level of judgment in the impairment assessment, specifically the future performance of the businesses, and the discount rates applied to future cash flows.</p>	<p>Our audit procedures included, amongst others, the following:</p> <ol style="list-style-type: none"> <li>1. Evaluating the management's procedures for identifying indicators of impairment by assessing management's review of future performance of the cash generating units to which goodwill is allocated.</li> <li>2. Challenging management's assessment of the revenue projections by reference to those achieved historically and external market data where available in terms of market size and expectations of market share; and assessed the discount rate.</li> <li>3. Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to reasonably possible changes in key assumptions reflected the risks inherent in the valuation of goodwill.</li> </ol>
<b>Deferred tax assets</b>	
<p>(Refer Note 8 to the consolidated financial statements)</p> <p>On transition to Ind AS, the Company recognised deferred tax asset relating to timing differences on items other than unabsorbed losses amounting to ₹2,106.66 lakhs.</p> <p>We focused on this area as recognition of deferred tax asset requires significant judgment in estimating future taxable income and accordingly recognition of deferred tax based on reasonableness of recovery.</p>	<p>Our audit procedures included the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Company's key assumptions used to determine the utilization of deferred tax assets including by comparing these to evidence obtained in respect of cash flow forecasts, business plans and minutes of Directors and Audit Committee meetings and our knowledge of the business;</li> <li>• We along with our internal tax experts assessed the expiry of benefits under tax laws for various components of deferred tax assets; and</li> </ul> <p>We also assessed the adequacy of the Company's disclosure included in Note 8 relating to unrecognised deferred taxes.</p>

# Consolidated Independent Auditor's Report (Contd.)

## Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture is responsible for overseeing the financial reporting process of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Consolidated Independent Auditor's Report (Contd.)

## Other Matters

We did not audit the financial statements of two subsidiaries and four step down subsidiaries and whose financial statements reflect total assets of ₹29,413.71 lakhs as at 31 March 2019, total revenues of ₹21,223.50 lakhs and net cash outflows amounting to ₹281.65 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of ₹182.10 lakhs for the year ended 31 March 2019 in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and joint venture is based solely on the audit reports of the other auditors.

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 matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and joint venture, as were audited by other auditors as noted in the 'Other Matters' paragraph above, 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors of the Holding Company (which is a Company incorporated in India) as on 31 March 2019 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act; and
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint ventures as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group - refer note 41 to the consolidated financial statements.

ii. The Group and its joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company, which is a company incorporated in India, during the year ended 31 March 2019.

C. With respect to the matter to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, no remuneration has been paid by the Holding Company to its directors during the current year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Place : Mumbai  
Dated : 7 May 2019

**Rajesh Mehra**  
Partner  
Membership No: 103145



# Annexure A to the Consolidated Independent Auditor's Report

**Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## **Opinion**

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Kaya Limited (hereinafter referred to as "the Holding Company"), which is a company incorporated in India, as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's Responsibility for Internal Financial Controls**

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013 (hereinafter referred to as "the Act").

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

## **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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 with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Place : Mumbai  
Dated : 7 May 2019

**Rajesh Mehra**  
Partner  
Membership No: 103145

## ANNEXURE I

### List of subsidiaries and joint venture included in these consolidated financial statements:

Name of the Entity	Relationship	Country of incorporation
KME Holdings Pte. Limited	Subsidiary Company	Singapore
Kaya Middle East FZE	Subsidiary Company	U.A.E
Kaya Middle East DMCC	Subsidiary Company	U.A.E
Iris Medical Centre LLC	Subsidiary Company	U.A.E
Al Beda (Upto 31 January 2019)	Joint Venture	Kuwait
Minal Medical Centre LLC	Subsidiary Company	U.A.E
Minal Specialized Clinic Dermatology LLC	Subsidiary Company	U.A.E

# Consolidated Balance Sheet

as at 31 March 2019

(₹ in lakhs)

	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	10,212.02	8,961.98
Capital work-in-progress		84.40	93.58
Intangible assets	4	690.12	780.23
Goodwill on consolidation	5	9,653.84	10,386.91
<b>Financial assets</b>			
Loans	6	1,647.16	1,581.33
Others financial assets	7	1.96	1.08
Deferred tax assets (net)	8	2,106.66	2,106.66
Non-current tax assets	9	387.36	16.36
Other non-current assets	10	573.75	1,271.03
<b>Current assets</b>			
Inventories	11	4,320.49	4,317.43
<b>Financial assets</b>			
Loans	12	638.25	631.45
Trade receivables	13	539.13	373.87
Cash and cash equivalents	14A	1,861.90	1,983.34
Bank balances other than above	14B	43.43	25.85
Investments	15	1,442.87	2,008.30
Others financial assets	16	181.00	97.42
Other current assets	17	2,443.35	2,527.61
<b>TOTAL ASSETS</b>		<b>36,827.69</b>	<b>37,164.43</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	18	1,306.41	1,303.09
Other equity	19	14,473.00	19,720.69
<b>Non-controlling interest</b>		107.12	160.44
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
Long-term borrowings	20	1,899.27	1,354.97
Long-term provisions	21	1,012.92	925.46
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	22		
Total outstanding dues of Micro Enterprises and Small Enterprises		105.86	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		3,263.46	3,503.38
Other financial liabilities	23	1,626.33	1,273.07
Short-term provisions	24	504.47	703.49
Other current liabilities	25	12,528.85	8,219.84
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,827.69</b>	<b>37,164.43</b>
Significant accounting policies	2A		

The accompanying notes from 1-48 are an integral part of these consolidated financial statements

As per our report of even date attached.

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

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

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Rajiv Nair**  
Chief Executive Officer

**Nikhil Khattau**  
Director  
DIN: 00017880

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in lakhs)

	Note	Year ended 31.03.2019	Year ended 31.03.2018
<b>I Income</b>			
Revenue from operations	26	42,037.80	40,038.30
Other operating revenue	26	48.92	-
Other income	27	415.77	955.15
<b>Total income (I)</b>		<b>42,502.49</b>	<b>40,993.45</b>
<b>II Expenses</b>			
Cost of materials consumed	28	1,618.84	1,163.07
Purchases of stock-in-trade		143.78	103.87
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(156.92)	109.15
Employee benefits expense	30	14,350.20	15,137.47
Finance costs	31	283.87	146.72
Depreciation and amortisation expense	32	2,908.31	2,430.17
Impairment loss		527.48	-
Other expenses	33	24,757.13	23,831.75
<b>Total expenses (II)</b>		<b>44,432.69</b>	<b>42,922.20</b>
<b>III Loss before share of net loss of investments accounted for using equity method and tax (I - II)</b>		<b>(1,930.20)</b>	<b>(1,928.75)</b>
Share of net loss of joint venture accounted for using equity method		(182.10)	(85.98)
<b>IV Loss before tax</b>		<b>(2,112.30)</b>	<b>(2,014.73)</b>
<b>V Tax expense</b>	8		
Current tax		-	-
Deferred tax (credit)		-	(37.81)
Tax for earlier years		(555.00)	-
<b>VI Loss for the year (IV - V)</b>		<b>(1,557.30)</b>	<b>(1,976.92)</b>
<b>VII Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plan	44	(21.03)	(40.58)
<b>Other Comprehensive (Loss) / Income for the year (VII)</b>		<b>(21.03)</b>	<b>(40.58)</b>
<b>VIII Total Comprehensive (Loss) / Income for the year (VI + VII)</b>		<b>(1,578.33)</b>	<b>(2,017.50)</b>
<b>Net profit / (loss) is attributable to:</b>			
Owners		(1,596.41)	(2,113.43)
Non-controlling interests		39.11	136.51
<b>Other comprehensive Income / (loss) attributable to:</b>			
Owners		(21.03)	(40.58)
Non-controlling interests		-	-
<b>Total comprehensive income / (loss) attributable to:</b>			
Owners		(1,617.44)	(2,154.01)
Non-controlling interests		39.11	136.51
<b>IX Earnings per equity share of ₹ 10 each:</b>	46		
Basic		(11.93)	(15.17)
Diluted		(11.93)	(15.17)
Significant accounting policies	2A		

The accompanying notes from 1-48 are an integral part of these consolidated financial statements

As per our report of even date attached.

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

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

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Rajiv Nair**  
Chief Executive Officer

**Nikhil Khattau**  
Director  
DIN: 00017880

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary

# Consolidated Statement of Cash Flow

for the year ended 31 March 2019

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>A Cash Flow from Operating Activities:</b>		
Loss before tax	(2,112.30)	(2,014.73)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	3,435.79	2,430.17
Employee share-based payment expenses	32.59	572.14
Liabilities written back to the extent no longer required (net)	-	(365.51)
Provision for doubtful debts	2.73	2.65
Finance cost	283.87	146.72
Loss on sale / discarding of property, plant and equipment (net)	0.40	8.51
Interest income	(15.71)	(109.63)
Profit on sale of current investments	(138.89)	(379.95)
Unwinding of discount on security deposits	(147.30)	(123.33)
Advances written off during the year	44.48	-
Provision for doubtful advances	0.08	67.65
Provision for doubtful deposits	-	21.04
<b>Operating profit before working capital changes</b>	<b>1,388.34</b>	<b>255.73</b>
<b>Changes in working capital:</b>		
(Increase) / Decrease in Inventories	(3.06)	679.90
(Increase) in Trade and Other Receivables	(170.64)	(172.97)
Decrease / (Increase) in other assets	524.72	(159.22)
(Increase) / Decrease in loans	(246.33)	3,002.69
(Increase) / Decrease in financial asset	(84.46)	203.17
Increase in Other financial liabilities	402.79	76.55
Increase / (Decrease) in Other current liabilities	424.90	(5,225.81)
Decrease / (Increase) in Provisions	(111.56)	81.03
Decrease / (Increase) in Trade and Other Payable	(134.06)	90.53
<b>Cash generated from/(used in) Operations</b>	<b>1,990.64</b>	<b>(1,168.40)</b>
Direct taxes paid (net of refund)	184.00	15.92
<b>Net Cash generated from/(used in) Operating Activities (A)</b>	<b>2,174.64</b>	<b>(1,152.48)</b>
<b>B Cash Flow from Investing Activities:</b>		
Payments for property, plant & equipments, CWIP and Intangibles	(3,270.69)	(3,471.04)
Proceeds for sale of property, plant & equipments and Intangibles	(94.49)	144.27
Proceeds from sale of investments	704.32	5,544.35
Interest income received	15.71	312.24
Increase in other bank balances	(17.58)	10.30
Dividend paid to Minority Shareholders	(102.37)	(127.32)
<b>Net Cash (used in)/generated from Investing Activities (B)</b>	<b>(2,765.10)</b>	<b>2,412.80</b>
<b>C Cash Flow from Financing Activities:</b>		
Proceeds from issue of Equity shares	243.29	37.14
Repayment of long-term borrowings	544.30	(529.64)
Repayment of short-term borrowings	-	(58.95)
Finance cost	(283.87)	(146.72)

# Consolidated Statement of Cash Flow

for the year ended 31 March 2019

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>Net Cash generated from/(used in) Financing Activity (C)</b>	<b>503.72</b>	<b>(698.17)</b>
<b>D</b> Effect of exchange difference on translation of foreign currency cash and cash equivalents	(25.64)	(26.97)
<b>E Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C+D)</b>	<b>(112.37)</b>	<b>535.18</b>
Cash and cash equivalents at the beginning of the year	1,974.27	1,439.09
<b>Cash and cash equivalents at the close of the year</b>	<b>1,861.90</b>	<b>1,974.27</b>

## Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and Cash equivalent as per above comprises of the following:		
Cash and cash equivalents [refer note 14A]	1,861.90	1,983.34
Book overdraft	-	(9.07)
<b>Balances as per statement of Cash Flows</b>	<b>1,861.90</b>	<b>1,974.27</b>

## Notes:

- The consolidated cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
- The accompanying notes from 1-48 are an integral part of these consolidated financial statements.
- Amendment to Ind AS 7

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

(₹ in lakhs)

	As at 31.03.2018	Cash Flows	As at 31.03.2019
Long-term borrowings & current portion	2,546.97	947.09	3,494.06

	As at 31.03.2017	Cash Flows	As at 31.03.2018
Long-term borrowings & current portion	2,942.48	(395.51)	2,546.97
Short-term borrowings	58.95	(58.95)	-

As per our report of even date attached.

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

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Nikhil Khattau**  
Director  
DIN: 00017880

**Rajiv Nair**  
Chief Executive Officer

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary



## Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

### A. Equity share capital

	(₹ in lakhs)
	Amount
<b>Balance as at 31 March 2017</b>	1,302.26
Changes in equity share capital [refer note 18]	0.83
<b>Balance as at 31 March 2018</b>	1,303.09
Changes in equity share capital [refer note 18]	3.32
<b>Balance as at 31 March 2019</b>	1,306.41

### B. Other equity

	Attributable to owners of the Group						Total attributable to owners of the Group	Attributable to NCI	Total
	Securities premium	Retained earnings	Capital reserve	Foreign currency translation reserve	Share options outstanding account	Statutory reserve			
<b>Balance as at 31 March 2017</b>	21,953.85	(2,876.13)	2,652.82	(277.78)	107.37	-	-	151.25	21,711.38
Profit/(loss) for the year	-	(2,113.43)	-	-	-	-	-	136.51	(1,976.92)
Exchange gain / (loss) on translations during the year	-	-	-	166.05	-	-	-	-	166.05
Movement in Capital reserve during the year	-	-	(2.58)	-	-	-	-	-	(2.58)
Receipt on exercise of Employee Stock Option	36.31	-	-	-	-	-	-	-	36.31
Employee stock option charge	-	-	-	-	114.79	-	-	-	114.79
Transferred from Share options outstanding account to Securities premium	4.01	-	-	-	(4.01)	-	-	-	-
Re-measurements of net defined benefit plans	-	(40.58)	-	-	-	-	-	-	(40.58)
Dividend paid to Non-controlling interest	-	-	-	-	-	-	-	(127.32)	(127.32)
Transferred from retained earnings to Statutory reserve	-	(55.78)	-	-	-	55.78	-	-	-
<b>Balance as at 31 March 2018</b>	21,994.17	(5,085.92)	2,650.24	(111.73)	218.15	55.78	-	160.44	19,881.13
Adjustment on account of Ind AS 115	-	(3,884.11)	-	-	-	-	-	-	(3,884.11)
<b>Balance as at 1 April 2018</b>	21,994.17	(8,970.03)	2,650.24	(111.73)	218.15	55.78	-	160.44	15,997.02
Profit/(loss) for the year	-	(1,596.41)	-	-	-	-	-	39.11	(1,557.30)
Movement in Capital reserve during the year	-	-	-	-	-	-	-	-	-

# Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31 March 2019

## B. Other equity (Contd.)

	Attributable to owners of the Group						Total attributable to owners of the Group	Total	
	Securities premium	Retained earnings	Capital reserve	Foreign currency translation reserve	Share options outstanding account	Statutory reserve			General reserve
Receipt on exercise of Employee Stock Option	233.65	-	-	-	-	-	233.65	-	233.65
Employee stock option charge	-	-	-	-	35.19	-	35.19	-	35.19
Transferred from Share options outstanding account to Securities premium	6.32	-	-	-	(6.32)	-	-	-	-
Transferred from Share options outstanding account to General reserve	-	-	-	-	(17.10)	-	17.10	-	-
Exchange gain / (loss) on translations during the year	-	-	-	(5.04)	-	-	(5.04)	-	(5.04)
Dividend paid to Non-controlling interest	-	-	-	-	-	-	-	(102.37)	(102.37)
Transfer to Non-controlling interest	-	-	-	-	-	(9.94)	(9.94)	9.94	-
Re-measurements of net defined benefit plans	-	(21.03)	-	-	-	-	(21.03)	-	(21.03)
<b>Balance as at 31 March 2019</b>	<b>22,234.14</b>	<b>(10,587.47)</b>	<b>2,650.24</b>	<b>(116.77)</b>	<b>229.92</b>	<b>45.84</b>	<b>17.10</b>	<b>107.12</b>	<b>14,580.12</b>

The accompanying notes from 1-48 are an integral part of these consolidated financial statements.

As per our report of even date attached.

**For B S R & Co. LLP**  
Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Rajesh Mehra**  
Partner  
Membership Number: 103145

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Nikhil Khattau**  
Director  
DIN: 00017880

**Rajiv Nair**  
Chief Executive Officer

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary

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

# Notes to Consolidated Financial Statements

for the year ended 31 March 2019

## Corporate Information

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

The Clinics offer skin and hair care solutions using scientific dermatological procedures and products. The Holding Company has its subsidiaries in Middle East and joint venture of a subsidiary in Kuwait (together referred as 'Group') The Group also sells skin and hair care products through standalone stores and third-Party outlets. The Holding company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

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

These Consolidated financial statements were authorised for issue by the Holding Company's Board of Directors on 7 May 2019.

### List of subsidiary companies/ Joint venture:

Name of the Company	Country of Incorporation	Percentage of Ownership as at	
		31 March 2019	31 March 2018
Kaya Middle East FZE (formerly known as Kaya Middle East FZC)	United Arab Emirates	100	100
KME Holdings Pte. Limited	Singapore	100	100
Kaya Middle East DMCC	United Arab Emirates	100	100
IRIS Medical Centre LLC	United Arab Emirates	85*	85*
Minal Medical Centre LLC	United Arab Emirates	75*	75*
Minal Specialised Clinic Dermatology LLC	United Arab Emirates	75*	75*

\* Includes 51% held by other shareholder, which has been assigned to Kaya Middle East DMCC by Memorandum of Association / Shareholders resolution.

Interest in Joint Venture of a subsidiary (Kaya Middle East DMCC)	Country of Incorporation	Percentage of Investee as at	
		31 March 2019	31 March 2018
Kaya - Al Beda JV (Up to 31 January 2019)	Kuwait	0	49

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other accounting principles generally accepted in India.

Details of the Group's Significant accounting policies are included in Note 2A.

### (b) Functional and presentation currency

The functional currency of the Holding Company is the Indian Rupee.

The functional currency of foreign subsidiaries and joint venture is the currency of the primary economic environment in which the entity operates.

All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

### (c) Basis of measurement

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

- i. certain financial assets and liabilities and contingent consideration that is measured at fair value; and
- ii. defined benefit plans - plan assets measured at fair value

### (d) Measurement of fair values

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

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

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

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

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

## **(e) Critical accounting judgements and key sources of estimation uncertainty**

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

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

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

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

### **i) Estimation of useful life of property, plant and equipment and intangibles**

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

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

### **ii) Estimation of defined benefit obligation**

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

### **iii) Estimation of recognition of current and deferred taxes**

As stated in Note 8, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities, the Group adjudges taxability of amounts in accordance with tax enactment, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

The Group reviews the carrying amount of deferred taxes at the end of each reporting period. The policy for the same has been explained in the note 2A(i).

**iv) Inventories**

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

**v) Point reward scheme**

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

**vi) Provision and Contingent Liabilities**

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

**vii) Provision for breakage**

Provision for breakage is recognised when the Group expects to be entitled to a breakage amount in a contract liability. The Group recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. If the Group does not expect to be entitled to a breakage amount, it recognises the expected breakage amount as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

**2A. SIGNIFICANT ACCOUNTING POLICIES****(a) Principles of Consolidation**

- i) Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.
- ii) The acquisition method of accounting is used to account for business combinations by the Group.
- iii) The Group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.
- iv) Non-controlling interest, where exists, in the net income of consolidated subsidiaries is deducted from the income of the group so as to arrive at net income attributable to the Group only. Non-controlling interest, consisting of proportionate equity attributable to outside shareholders on the date of investment in relevant subsidiary and movement thereof since the date of parent subsidiary relationship, along with other segments of reserve attributable to outside shareholders have been disclosed in the consolidated financial statements separately from liability and equity of shareholders of holding company.
- v) The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as 'Goodwill on Consolidation' in the consolidated financial statements. The said Goodwill is not amortised, however, it is tested for impairment at each Balance Sheet date and the impairment loss, if any, is provided for. On the other hand, where the share of equity in subsidiaries as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Other Equity' in the consolidated financial statements.

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## (b) Joint Venture

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated profit and loss, and the Group's share of other comprehensive income of the investee in consolidated other comprehensive income.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## (c) Revenue recognition

### (i) Revenue from Services

The Group recognises revenue primarily from skin and hair related services.

Effective 1 April 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied modified retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. Refer note 2(d) – Significant accounting policies – Revenue recognition in the Annual report of the Group for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Group recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant judgements in revenue recognition

- The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as discounts, service level credits, performance bonuses, price concessions and incentives. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal

in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

**(ii) Revenue from Products**

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

**(iii) Point award schemes**

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

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

**(iv) Interest income or expense**

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

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

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

**(v) Dividend Income**

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

**(d) Leases**

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

**(e) Inventories**

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

**(f) Share based payments (Employee Stock Option Scheme)**

The fair value of options granted under the Employee Stock Option Plan is recognised as an employee benefits



# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

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

For cash-settled share-based payment transactions, the entity measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the entity remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

Modification of the terms on which equity instruments were granted may have an effect on the expense that will be recorded. If the fair value of the new instruments is more than the fair value of the old instruments, the incremental amount is recognised over the remaining vesting period in a manner similar to the original amount. If the modification occurs after the vesting period, the incremental amount is recognised immediately. If the fair value of the new instruments is less than the fair value of the old instruments, the original fair value of the equity instruments granted is expensed as if the modification never occurred.

The cancellation or settlement of equity instruments is accounted for as an acceleration of the vesting period and therefore any amount unrecognised that would otherwise have been charged is recognised immediately.

In cases where new equity instruments are identified as a replacement of cancelled equity instruments, in those cases, the replacement equity instruments are accounted for as a modification. The fair value of the replacement equity instruments is determined at grant date, while the fair value of the cancelled instruments is determined at the date of cancellation, less any cash payments on cancellation that is accounted for as a deduction from equity.

## **(g) Employee benefits**

### **i) Short-term employee benefits**

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

### **ii) Other long-term employee benefits**

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

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

### **iii) Post-employment benefits**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair

value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

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

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

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

#### Defined contribution plans

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

#### iv) Termination benefits

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

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the entity recognises costs for a restructuring that is made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### (h) Provisions

Provisions for legal claims, service warranties, etc. are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

#### (i) Income tax

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

##### i. Current tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

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

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

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

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

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

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

## ii. Deferred tax

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

Deferred tax is not recognised for:

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. In case of tax losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

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

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

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

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

## (j) **Impairment of non-financial assets**

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

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

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

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

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

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

Test of impairment of Property, Plant & Equipment, investment in subsidiaries / associates / joint venture and goodwill are undertaken under Cash Generating Unit (CGU) concept. For Intangible Assets it is undertaken in asset specific context.

Test of impairment of assets are generally undertaken based on indication of impairment, if any, from external and internal sources of information outlined in para – 12 of Ind AS 36 Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period

#### **(k) Cash and cash equivalents**

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

#### **(l) Financial instruments**

##### **Recognition and initial measurement**

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

##### **Classification and subsequent measurement**

###### **i) Financial assets**

###### **Classification**

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

###### **Initial recognition and measurement**

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

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## Derecognition

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

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

## Impairment of financial assets

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

1. Trade receivables.

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

Trade receivables which do not contain a significant financing component.

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

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

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

- i) Financial liabilities

### Classification

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held – for - trading, or it is a derivative or it is designated as such on initial recognition.

### Initial recognition and measurement

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(m) Property, plant and equipment**

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

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

**Subsequent expenditure**

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

**Depreciation methods, estimated useful lives and residual value**

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

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

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

Asset	Life of Assets
Computer hardware, related peripherals, etc.	3-5 Years
Building	60 Years
Plant and machinery	2-7 Years
Vehicles	5 Years
Other plant and equipment	2-7 Years
Furniture and fixtures (including leasehold improvements)	3-7 Years

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

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

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

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

**(n) Intangible assets**

Intangible assets purchased are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their estimated useful lives. Estimated useful lives by major class of finite-life intangible assets are as follows:

Computer software - 3 years

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

## **Non-compete fees**

The Group amortises non-compete fees over the period of the agreement.

## **Goodwill**

No self-generated goodwill is recognized. Goodwill arises during the course of acquisition of an entity in terms of accounting treatment provided in Ind-AS 103 dealing with 'Business Combination'. Goodwill represents the excess of consideration money over the fair value of net assets of the entity under acquisition. Such goodwill is construed to have indefinite life and as such is not subject to annual amortization but annual test of impairment under IND-AS 36. Any shortfall in consideration money vis-à-vis fair value of net assets on account of bargain purchase is recognized in OCI at acquisition point and subsequently transferred to capital reserve.

## **(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of fiscal year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## **(p) Contributed equity**

Equity shares are classified as equity.

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

## **(q) Earnings per share**

### ***(i) Basic earnings per share***

Basic earnings per share is calculated by dividing:

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

### ***(ii) Diluted earnings per share***

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## **(r) Statement of cash flows**

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



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

**(s) Events after reporting date**

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

**(t) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management assesses the financial performance and position of the Group and makes strategic decisions. The chief operating decision maker is the Managing Director and the Chairman. Refer note 43 for segment information presented.

**(u) Current/ non-current classification**

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

**Assets**

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

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- (ii) it is expected to be realised within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

**Liabilities**

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

- (i) it is expected to be settled in the Group's normal operating cycle;
- (ii) it is due to be settled within twelve months from the reporting date;
- (iii) it is held primarily for the purposes of being traded; or
- (iv) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

**Operating cycle**

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

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

**(v) Foreign currency**

The functional currency of the Holding Company is the Indian Rupee whereas the functional currency of foreign subsidiaries is the currency of their country of domicile. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

Assets and liabilities of entities with functional currency other than the functional currency of the Holding Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

## (t) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such time the asset is ready for its intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as expense in the period in which they are incurred.

## 2B. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from 1 April 2019:

### Ind AS - 116

The new standard on leases sets out the principles for the recognition, measurement, presentation and disclosure of the leases. The core objective of this standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represent those transactions.

The Group is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straightline basis whilst the lease liability reduces by the principal amount of repayments;

- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease’s life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Group at various stages of their terms; and

- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

### Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the

entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

#### **Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

#### **Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. Group does not currently have any long-term interests in associates and joint ventures.

#### **Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

#### **Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. Group does not expect this amendment to have any significant impact on its financial statements.

## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31st March, 2019

### 3 PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold Improvements	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
(₹ in lakhs)							
<b>Gross carrying amount</b>							
<b>Year ended 31 March 2018</b>							
<b>Opening gross carrying amount</b>	543.42	1,344.02	6,024.54	2,049.75	259.05	40.38	10,261.16
Additions during the year	-	371.01	1,545.15	838.35	85.60	-	2,840.11
Disposals/adjustments [refer note (c) below]	(2.46)	46.29	19.18	348.15	(18.00)	(0.33)	392.83
<b>Closing gross carrying amount</b>	<b>545.88</b>	<b>1,668.74</b>	<b>7,550.51</b>	<b>2,539.95</b>	<b>362.65</b>	<b>40.71</b>	<b>12,708.44</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	18.79	159.94	1,323.93	355.35	44.68	12.44	1,915.13
Depreciation charge for the year	18.25	274.93	1,337.09	479.79	100.78	12.13	2,222.97
On disposals/adjustments during the year	(4.00)	46.09	97.79	232.25	4.64	14.87	391.64
<b>Closing accumulated depreciation</b>	<b>41.04</b>	<b>388.78</b>	<b>2,563.23</b>	<b>602.89</b>	<b>140.82</b>	<b>9.70</b>	<b>3,746.46</b>
<b>Net carrying amount as at 31 March 2018</b>	<b>504.84</b>	<b>1,279.96</b>	<b>4,987.28</b>	<b>1,937.06</b>	<b>221.83</b>	<b>31.01</b>	<b>8,961.98</b>
<b>Year ended 31 March 2019</b>							
<b>Opening gross carrying amount</b>	545.88	1,668.74	7,550.51	2,539.95	362.65	40.71	12,708.44
Additions during the year	-	232.16	1,112.05	1,886.95	250.13	-	3,481.29
Disposals/adjustments [refer note (c) below]	(33.22)	231.84	(0.78)	209.50	13.55	(3.04)	417.85
<b>Closing gross carrying amount</b>	<b>579.10</b>	<b>1,669.06</b>	<b>8,663.34</b>	<b>4,217.40</b>	<b>599.23</b>	<b>43.75</b>	<b>15,771.88</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	41.04	388.78	2,563.23	602.89	140.82	9.70	3,746.46
Depreciation charge for the year	19.66	376.21	1,398.53	735.93	133.21	11.96	2,675.50
On disposals/adjustments during the year	(1.75)	231.84	227.82	390.13	17.57	(3.51)	862.10
<b>Closing accumulated depreciation</b>	<b>62.45</b>	<b>533.15</b>	<b>3,733.94</b>	<b>948.69</b>	<b>256.46</b>	<b>25.17</b>	<b>5,559.86</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>516.65</b>	<b>1,135.91</b>	<b>4,929.40</b>	<b>3,268.71</b>	<b>342.77</b>	<b>18.58</b>	<b>10,212.02</b>

#### Notes:

- Refer Note 41(c) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- Capital work-in-progress mainly comprises capital expenditure incurred towards under construction clinics and stores of the Company at various locations.
- Disposal / adjustments includes Foreign currency translation reserves of ₹ 237.19 lakhs (31 March 2018 - ₹ 285.97 lakhs).

**4 INTANGIBLE ASSETS**

(₹ in lakhs)

	Computer Software	Goodwill	Non compete fees	Total
<b>Gross carrying amount</b>				
<b>Year ended 31 March 2018</b>				
Opening gross carrying amount	320.37	211.70	424.85	956.92
Additions during the year	117.28	-	-	117.28
Disposals/adjustments during the year	(0.79)	(0.04)	(1.93)	(2.76)
<b>Closing gross carrying amount</b>	<b>438.44</b>	<b>211.74</b>	<b>426.78</b>	<b>1,076.96</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	53.05	-	35.41	88.46
Charge for the year	65.66	-	141.54	207.20
On disposals/adjustments during the year	(0.19)	-	(0.88)	(1.07)
<b>Closing accumulated amortisation</b>	<b>118.90</b>	<b>-</b>	<b>177.83</b>	<b>296.73</b>
<b>Net carrying amount as at 31 March 2018</b>	<b>319.54</b>	<b>211.74</b>	<b>248.95</b>	<b>780.23</b>
<b>Year ended 31 March 2019</b>				
Opening gross carrying amount	438.44	211.74	426.78	1,076.96
Additions during the year	47.46	-	-	47.46
Disposals/adjustments during the year	(8.88)	(69.85)	(17.04)	(95.78)
<b>Closing gross carrying amount</b>	<b>494.78</b>	<b>281.59</b>	<b>443.82</b>	<b>1,220.20</b>
<b>Accumulated amortisation</b>				
Opening accumulated amortisation	118.90	-	177.83	296.73
Charge for the year	80.31	-	152.53	232.84
On disposals/adjustments during the year	(0.50)	-	-	(0.50)
<b>Closing accumulated amortisation</b>	<b>199.71</b>	<b>-</b>	<b>330.36</b>	<b>530.07</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>295.07</b>	<b>281.59</b>	<b>113.46</b>	<b>690.12</b>

**5 GOODWILL ON CONSOLIDATION**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Opening balance	10,386.91	10,082.31
Add/(less): Foreign currency translation difference	(1,260.55)	304.60
Less: Goodwill impaired	527.48	-
<b>Closing balance</b>	<b>9,653.84</b>	<b>10,386.91</b>

The Group tests goodwill annually for impairment.

Goodwill of ₹9,653.84 lakhs (31 March 2018: ₹10,386.91) has been allocated to the Kaya business in Middle East. The estimated value-in-use of this CGU is based on the future cash flows using a 3.00% annual growth rate for periods subsequent to the forecast period of 5 years and discount rate of 12.39%. An analysis of the sensitivity of the computation to a change in key parameters (operating margin, discount rates and long term average growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount other than recognised above. As at 31 March 2019, the impairment loss is recognised in relation to goodwill allocated to IRIS Medical Centre LLC. The impairment loss is mainly on account of uncontrollable change in operating performance which has diluted the operating performance of the CGUs.

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## 6 LOANS (NON-CURRENT)

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Security deposits	1,667.63	1,602.37
Less : Provision for doubtful deposits	(21.04)	(21.04)
<b>Total</b>	<b>1,647.16</b>	<b>1,581.33</b>

## 7 OTHER NON CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Term deposits with banks with maturity period more than 12 months @	1.96	1.08
<b>Total</b>	<b>1.96</b>	<b>1.08</b>

@ Term deposits with banks include ₹ 1.72 lakhs (31 March 2018 - ₹ 1.08 lakhs) deposited with sales tax authorities.

## 8 INCOME TAXES

A. The major components of income tax expense for the year are as under:

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>(i) Income tax recognised in the Statement of Profit and loss</b>		
<b>Current tax</b>		
In respect of current year	-	-
Adjustments in respect of previous years	(555.00)	-
<b>Deferred tax</b>		
In respect of current year	-	(37.81)
<b>Income tax recognised in the Statement of Profit and loss</b>	<b>(555.00)</b>	<b>(37.81)</b>
<b>(ii) Income tax expense recognised in OCI</b>		
<b>Deferred tax</b>		
Deferred tax (expense)/benefit on net fair value gain on investments in debt instruments through NCI	-	-
Deferred tax (expense) on remeasurement benefits of defined benefit plans	-	-
<b>Income tax (expense) recognised in OCI</b>	<b>-</b>	<b>-</b>

B. Reconciliation of tax expense and the accounting profit for the year is as under:

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>Loss before tax</b>	<b>(1,930.20)</b>	<b>(1,928.75)</b>
Income tax expense calculated at 30.90%	(596.43)	(595.98)
Tax effect on non - deductible expenses	(0.57)	(0.50)
Effect of income tax losses for which no deferred tax was recognised	213.92	159.73
Effect of subsidiary entitles losses on which no deferred tax was recognised	(977.35)	(967.11)
Others on account of liability reversal, fair valuation, etc. for which no deferred tax was recognised	1360.43	1366.05
Adjustment of previous years tax provision	(555.00)	-
<b>Total Income tax expenses / (credit)</b>	<b>(555.00)</b>	<b>(37.81)</b>

**C. The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows:****As at 31 March, 2019**

(₹ in lakhs)

	Balance Sheet	Profit and loss	OCI	Balance Sheet
	01.04.2018	For year ended 31.03.2019	For year ended 31.03.2019	For year ended 31.03.2019
Difference between written down value/capital work in progress of property, plant & equipment as per books of accounts and Income tax Act, 1961	916.08	-	-	916.08
Provision for doubtful debts	-	-	-	-
Depreciation impact including unabsorbed depreciation brought forward and for current year	1,120.60	-	-	1,120.60
Others	69.98	-	-	69.98
<b>Deferred tax expense/(credit)</b>	-	-	-	-
<b>Net Deferred tax assets</b>	<b>2,106.66</b>			<b>2,106.66</b>

**As at 31 March, 2018**

	Balance Sheet	Profit and loss	OCI	Balance Sheet
	01.04.2017	For year ended 31.03.2018	For year ended 31.03.2018	For year ended 31.03.2018
Difference between written down value/capital work in progress of property, plant & equipment as per books of accounts and Income tax Act, 1961	922.51	6.43	-	916.08
Provision for doubtful debts	0.49	0.49	-	-
Depreciation impact including unabsorbed depreciation brought forward and for current year	941.28	(179.32)	-	1,120.60
Others	204.57	134.59	-	69.98
<b>Deferred tax expense/(credit)</b>	-	(37.81)	-	2,106.66
<b>Net Deferred tax assets</b>	<b>2,068.85</b>			<b>2,106.66</b>

As at 31 March 2018, the Holding Company had recognised deferred tax assets on unabsorbed depreciation and other items on the basis of reasonable certainty that the same will be utilised against taxable profits in future. The Holding Company has incurred loss during the year and hence has not recognised any further deferred tax assets on carried forward business losses and unabsorbed depreciation.

As at 31 March 2019 and 31 March 2018, there are no deferred tax liabilities.

**Unrecognised deferred tax credits**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Unused tax losses for which no deferred tax asset has been recognised	4,807.17	5,002.86
Unused depreciation	213.92	185.73
Others	156.62	-
<b>Potential tax benefit @ 30.9%</b>	<b>1,599.91</b>	<b>1,603.27</b>

The tax losses expire in 2021-26. The deductible temporary differences do not expire under Holding Company's current tax legislation.



## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

### 9 NON-CURRENT TAX ASSETS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	16.36	32.28
Add: Taxes paid during the year	1.17	5.97
Add: Provision reversed for earlier years	555.00	-
Less: Refund received during the year	(185.17)	(21.88)
<b>Balance at the end of the year</b>	<b>387.36</b>	<b>16.36</b>

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

### 10 OTHER NON-CURRENT ASSETS

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Capital advances	88.88	345.78
Amounts receivable from a related party [refer note 39]	-	304.75
Prepaid expenses	468.65	609.59
Balances with Government Authorities	16.22	10.91
<b>Total</b>	<b>573.75</b>	<b>1,271.03</b>

### 11 INVENTORIES

Refer note 2A(e) for valuation policy

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Stores, spares and consumables	2,449.01	2,831.54
Raw materials	404.07	354.49
Packing materials	563.54	384.45
Work-in-process#	16.85	43.26
Finished goods#	827.27	656.39
Stock-in-trade#	59.75	47.30
<b>Total</b>	<b>4,320.49</b>	<b>4,317.43</b>

# Includes Skin and Hair care products

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write-down of inventories amounted to ₹ 6.66 lakhs as at 31 March 2019 and ₹ 16.97 lakhs as at 31 March 2018. These write-downs were recognised as an expense in the Statement of Profit and Loss.

### 12 LOANS - CURRENT

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Loans to employees	275.22	280.44
Security deposits	363.03	351.01
<b>Total</b>	<b>638.25</b>	<b>631.45</b>

**13 TRADE RECEIVABLES**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Trade receivables:</b>		
a) Considered good - Secured	-	-
b) Considered good - Unsecured	539.13	373.87
c) Which have significant increase in Credit Risk	-	-
d) Credit impaired - Unsecured	5.38	2.65
Less: Allowance for doubtful debts	(5.38)	(2.65)
<b>Total</b>	<b>539.13</b>	<b>373.87</b>

**Notes:**

i) For credit risk and provision for loss allowance - [refer note 35 (A)]

ii) Trade receivable Considered good - Unsecured includes receivables from related parties amounting to ₹ 37.95 lakhs as on 31 March 2019 (31 March 2018 : Nil)

**14 CASH AND BANK BALANCES**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
(A) Cash and cash equivalents:		
Balances with Banks		
In current accounts	1,672.56	1,825.31
Cash on hand	189.34	158.03
	<b>1,861.90</b>	<b>1,983.34</b>
(B) Other bank balances with Banks		
Term deposit with a bank with maturity more than three months but less than twelve months	43.43	25.85
	43.43	25.85
<b>Total</b>	<b>1,905.33</b>	<b>2,009.19</b>

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

**15 INVESTMENTS**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Investment in mutual funds at fair value through Statement of Profit and Loss</b>		
<b>Unquoted</b>		
Aditya Birla Sun Life Low Duration Fund - Reg - Growth	701.48	-
1,56,080 (31 March 2018 : Nil) Units of ₹ 100 each fully paid	-	-
Kotak Savings Fund - Reg - Growth	318.21	-
10,61,697 (31 March 2018 : Nil) Units of ₹ 10 each fully paid	-	-
Reliance Corporate Bond Fund - Growth	-	1,746.85
Nil (31 March 2018 : 12,465,815) Units of ₹ 10 each fully paid	-	-
Reliance Liquid Fund - Growth Plan - Growth	15.02	-
331 (31 March 2018 : Nil) Units of ₹ 10 each fully paid	-	-
ICICI Prudential Money Market Fund-Growth	-	221.38
Nil (31 March 2018 : 92,426) Units of ₹ 100 each fully paid	-	-

## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
ICICI Prudential Ultra Short Term Fund - Growth	408.16	-
21,61,823 (31 March 2018 : Nil) Units of ₹ 1000 each fully paid		
SBI Premier Liquid Fund - Reg - Growth	-	40.07
Nil (31 March 2018 : 1,475) Units of ₹ 1,000 each fully paid		
<b>Total</b>	<b>1,442.87</b>	<b>2,008.30</b>
<b>Aggregate amount of unquoted investments</b>	<b>1,442.87</b>	<b>2,008.30</b>
<b>Market value/ Net asset value of unquoted investments</b>	<b>1,442.87</b>	<b>2,008.30</b>

### 16 OTHER CURRENT FINANCIAL ASSETS

(Unsecured, considered good)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Others	181.00	97.42
<b>Total</b>	<b>181.00</b>	<b>97.42</b>

### 17 OTHER CURRENT ASSETS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Advances to suppliers	752.74	1,108.70
Less: Provision for doubtful advances	(23.17)	(67.65)
	<b>729.57</b>	<b>1,041.05</b>
Balances with Government Authorities	526.56	250.20
Prepaid expenses	1,187.22	1,117.20
Other assets	-	119.16
<b>Total</b>	<b>2,443.35</b>	<b>2,527.61</b>

### 18 EQUITY SHARE CAPITAL

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Authorised</b>		
34,000,000 (31 March 2018: 34,000,000) equity shares of ₹10 each	3,400.00	3,400.00
<b>Issued, subscribed and fully paid up</b>		
13,064,091 (31 March 2018 : 13,030,854) equity shares of ₹10 each fully paid up	1,306.41	1,303.09
	<b>1,306.41</b>	<b>1,303.09</b>

#### a) Reconciliation of number of equity shares

	As at 31.03.2019		As at 31.03.2018	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
<b>Equity Shares:</b>				
Balance as at the beginning of the year	13,030,854	1,303.09	13,022,564	1,302.26
Add: Shares issued during the year under Employee Stock Option plan [refer note 40]	33,237	3.32	8,290	0.83
<b>Balance as at the end of the year</b>	<b>13,064,091</b>	<b>1,306.41</b>	<b>13,030,854</b>	<b>1,303.09</b>

**b) Rights, preferences and restrictions attached to shares**

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

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

	As at 31.03.2019		As at 31.03.2018	
	%	No. of shares	%	No. of shares
Harish C Mariwala with Kishore V Mariwala (As representative of Valentine Family Trust)	11.23%	1,467,520	11.26%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Aquarius Family Trust)	11.23%	1,467,520	11.26%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Taurus Family Trust)	11.23%	1,467,520	11.26%	1,467,520
Harish C Mariwala with Kishore V Mariwala (As representative of Gemini Family Trust)	11.23%	1,467,520	11.26%	1,467,520

**d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:-**

There are no shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

**19 OTHER EQUITY**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>Capital reserve</b>		
Balance as at the beginning of the year	2,650.24	2,652.82
Less: Addition during the year	-	(2.58)
<b>Balance as at the end of the year</b>	<b>2,650.24</b>	<b>2,650.24</b>
<b>Securities premium</b>		
Balance as at the beginning of the year	21,994.17	21,953.85
Add: Transferred from Deferred employee compensation reserve	6.32	4.01
Add: Receipt on exercise of Employee Stock option	233.65	36.31
<b>Balance as at the end of the year</b>	<b>22,234.14</b>	<b>21,994.17</b>
<b>Share Options Outstanding Account</b>		
Balance as at the beginning of the year	218.15	107.37
Less: Transferred to Securities premium reserve	(6.32)	(4.01)
Less: Transferred to General reserve	(17.10)	-
Add: Compensation for employee stock option granted	35.19	114.79
<b>Balance as at the end of the year</b>	<b>229.92</b>	<b>218.15</b>
<b>Statutory reserve</b>		
Balance as at the beginning of the year	55.78	-
Less: Transferred to non-controlling interest	(9.94)	-
Add: Transferred from retained earnings to Statutory reserve	-	55.78
<b>Balance as at the end of the year</b>	<b>45.84</b>	<b>55.78</b>
<b>General Reserve</b>		
Balance at the beginning of the year	-	-

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

	(₹ in lakhs)	
	As at 31.03.2019	As at 31.03.2018
Add: Transferred from Share Options Outstanding Account	17.10	-
<b>Balance at the end of the year</b>	<b>17.10</b>	<b>-</b>
<b>Foreign currency translation reserve</b>		
Balance as at the beginning of the year	(111.73)	(277.78)
Exchange gain / (loss) on translations during the year	(5.04)	166.05
<b>Balance as at the end of the year</b>	<b>(116.77)</b>	<b>(111.73)</b>
<b>Retained earnings</b>		
Balance as at the beginning of the year	(5,085.92)	(2,876.13)
Adjustment on account of Ind AS 115	(3,884.11)	-
Loss for the year	(1,596.41)	(2,113.43)
Less: Transferred to Statutory reserve from retained earnings	-	(55.78)
Remeasurements of net defined benefit plan	(21.03)	(40.58)
<b>Balance as at the end of the year</b>	<b>(10,587.47)</b>	<b>(5,085.92)</b>
<b>Total</b>	<b>14,473.00</b>	<b>19,720.69</b>

## Securities premium

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

## Share Options Outstanding Account

The Group has established various equity-settled/cash-settled share-based payment plans for certain categories of employees of the Group. Refer Note 40 for further details on these plans.

## Capital reserve

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

## Statutory reserve

Statutory reserve is created by appropriating 10% of the profit of the subsidiary companies as required by Article 103 of the UAE Federal Law No. (2) of 2015. The shareholders may resolve to discontinue such deduction when the reserves totals 50% of the paid-up share capital. The reserve is not available for distribution except as provided in the Federal Law.

## General reserve

General reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. General reserve is transferred from Share Options Outstanding Account in Financial year 2018-19 for options vested but not exercised.

## 20 NON-CURRENT BORROWINGS

	(₹ in lakhs)	
	As at 31.03.2019	As at 31.03.2018
<b>Secured</b>		
Loan from a bank	1,899.27	1,354.97
<b>Total</b>	<b>1,899.27</b>	<b>1,354.97</b>

### Nature of security:

Loan outstanding is secured by following:

1. Assignment of contractual rights of credit card receivables from Merchant Bank.
2. Assignment pledge and assignment over bank account and acknowledgement of assignment from KME FZE and DMCC.
3. Corporate guarantees by Kaya Limited of ₹ 6,170.56 lakhs (31 March 2018 - ₹ 5,813.80 lakhs).
4. Mortgage over office owned by a related party located in Mazaya Business Avenue.

**Interest rate & terms of repayment**

Term Loan from Standard Chartered Bank for Kaya Middle East FZE & Kaya Middle East DMCC carries interest at LIBOR plus 3.75%. Original loan amount of ₹ 6,148.23 lakhs (31 March 2018 - ₹ 3,838.34 lakhs) is payable in 12 equal quarterly instalments of ₹ 532.32 lakhs (31 March 2018 - ₹ 345.91 lakhs along with interest commencing from 29 November, 2016. Loan amount outstanding of ₹ 1,594.79 lakhs (31 March 2018 - ₹ 1,192.00 lakhs) as at 31 March 2019 is shown under Other current liabilities as Current maturities of long term debt [refer note 29].

The carrying amount of assets hypothecated / mortgaged as security as in points 1 to 4 above for non-current borrowings are:  
(₹ in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
First and exclusive hypothecation charge on all existing and future receivables and current assets		
Credit card receivables	64.43	111.50
Bank balances	646.42	1,107.57
	<b>710.85</b>	<b>1,219.07</b>
Second pari passu hypothecation charge on all existing and future moveable fixed assets		
Building	516.68	504.84
	<b>516.68</b>	<b>504.84</b>
<b>Total</b>	<b>1,227.53</b>	<b>1,723.91</b>

**21 LONG-TERM PROVISIONS**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits [refer note 44]		
Provision for gratuity	990.93	902.81
Other provisions		
Provision for site restoration [refer note 24(i)]	21.99	22.65
<b>Total</b>	<b>1,012.92</b>	<b>925.46</b>

**22 TRADE PAYABLES**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Trade payables		
Total outstanding dues of Micro enterprises and Small enterprises [refer note below]	105.86	-
Due to related parties [refer note 39]	62.18	79.08
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	3,201.28	3,424.30
<b>Total</b>	<b>3,369.32</b>	<b>3,503.38</b>

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

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
the principal amount due thereon remaining unpaid to any supplier at the end of each accounting year;	105.60	-
the interest amount due thereon remaining unpaid to any supplier at the end of each accounting year;	0.26	-

## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
<b>Total</b>	<b>105.86</b>	<b>-</b>

### 23 OTHER CURRENT FINANCIAL LIABILITIES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Current maturities of long term debt [refer note 20]	1,594.79	1,192.00
Capital creditors	31.54	81.07
<b>Total</b>	<b>1,626.33</b>	<b>1,273.07</b>

### 24 SHORT-TERM PROVISIONS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits [refer note 44]		
Provision for compensated absences	498.07	627.58
Provision for gratuity	-	69.11
Other provisions		
Provision for site restoration [refer note (i) below]	6.40	6.80
Other provisions [refer note (ii) below]	-	-
<b>Total</b>	<b>504.47</b>	<b>703.49</b>

#### (i) Provision for site restoration cost:

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	29.45	29.96
Additions during the year	-	0.40
Less: Provision utilised/written back during the year	(1.06)	(0.91)
<b>Balance at the end of the year</b>	<b>28.39</b>	<b>29.45</b>
Classified as Non-current:	21.99	22.65
Classified as current:	6.40	6.80
<b>Total</b>	<b>28.39</b>	<b>29.45</b>

The Group uses various leased premises. A provision for site restoration cost is recognised for the estimates made for probable liability towards the restoration of these premises at the end of lease period. Provision written back during the previous year represents site restoration cost written back due to revision in estimated probable liability towards restoration of leased premises.

#### (ii) Other provisions:

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

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the year	-	340.36
Add: Amounts provided during the year	-	-
Less: Liabilities written back during the year related to a statutory matter	-	(340.36)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>



**25 OTHER CURRENT LIABILITIES**

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Advance from customers	10,412.91	6,959.53
Statutory dues payable	593.38	392.68
Employee benefits payable	912.05	660.14
Others	610.51	207.49
<b>Total</b>	<b>12,528.85</b>	<b>8,219.84</b>

**26 REVENUE FROM OPERATIONS**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Sale of services#	35,586.73	34,423.61
Sale of products#	6,451.07	5,614.69
Other operating revenue	48.92	-
<b>Total</b>	<b>42,086.72</b>	<b>40,038.30</b>

# Skin and Hair care products and services

**27 OTHER INCOME**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Interest income on:		
Bank deposits	2.88	81.03
Income tax refund	12.54	11.84
Others	0.29	16.76
	<b>15.71</b>	<b>109.63</b>
Unwinding of discount on security deposits	147.30	123.33
Net gain on sale of current investments [including fair value (gain)/loss 31 March 2019 - (₹16.23) lakhs ; 31 March 2018 - (₹93.28) lakhs]	138.89	379.95
Liabilities written back to the extent no longer required (net)	-	340.36
Net foreign exchange gain/(loss)	51.90	-
Miscellaneous income	61.97	1.88
<b>Total</b>	<b>415.77</b>	<b>955.15</b>

**28 COST OF MATERIALS CONSUMED**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Raw materials consumed	836.66	585.97
Packing materials consumed	782.18	577.10
<b>Total</b>	<b>1,618.84</b>	<b>1,163.07</b>

## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

### 29 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
<b>Opening inventories</b>		
Finished goods	656.39	767.33
Work-in-progress	43.26	44.40
Stock-in-trade	47.30	44.37
<b>Closing inventories</b>		
Finished goods	827.27	656.39
Work-in-progress	16.85	43.26
Stock-in-trade	59.75	47.30
<b>Total changes in inventories of finished goods, work-in-process and stock-in-trade - (Increase)/ Decrease</b>	<b>(156.92)</b>	<b>109.15</b>

### 30 EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Salaries, wages and bonus	12,821.42	13,099.15
Contribution to provident and other funds [refer note 44]	264.10	268.11
Defined benefit expense [refer note 44]	192.79	231.73
Staff welfare expenses	1,036.70	966.34
Employee stock option charge [refer note 44]	35.19	572.14
<b>Total</b>	<b>14,350.20</b>	<b>15,137.47</b>

### 31 FINANCE COSTS

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Interest on borrowings	270.71	121.20
Others	13.16	25.52
<b>Total</b>	<b>283.87</b>	<b>146.72</b>

### 32 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Depreciation on property, plant and equipment	2,675.47	2,222.97
Amortisation of intangible assets	80.31	65.66
Amortisation of non compete fees	152.53	141.54
<b>Total</b>	<b>2,908.31</b>	<b>2,430.17</b>

**33 OTHER EXPENSES**

(₹ in lakhs)

	Year ended 31.03.2019	Year ended 31.03.2018
Consumption of consumables and stores and spare parts (includes liabilities written back as on 31 March 2019 : Nil and 31 March 2018 : ₹ 23.64 lakhs)	5,867.64	5,891.99
Electricity and water expenses	569.22	481.91
Rent	5,935.26	5,450.01
Contract labour charges	416.18	366.36
Payments to consultants	2,242.47	2,095.21
Contract Manufacturing Charges	229.68	181.41
Repairs and maintenance:		
Plant and machinery	454.45	414.81
Building	1,107.46	1,102.04
Others	401.25	520.15
	<b>1,963.16</b>	<b>2,037.00</b>
Insurance	62.09	54.62
Rates and taxes	305.48	371.92
Travelling, conveyance and vehicle expenses	921.46	882.81
Legal and professional charges	1,317.85	1,595.14
Printing, stationery and communication expenses	762.49	588.45
Bank charges	651.03	531.27
Directors sitting fees [refer note 39]	29.00	45.05
Advertisement and sales promotion	2,351.14	2,822.94
Freight forwarding and distribution expenses	62.21	40.99
Net loss on foreign currency transactions and translation	42.80	16.08
Loss on sale / discarding of property, plant & equipments (net)	0.40	8.51
Miscellaneous expenses	698.06	281.39
Provision for doubtful deposits	-	21.04
Provision for doubtful debts advances	0.08	67.65
Provision for doubtful debts	2.73	-
Sundry balances written off	326.70	-
<b>Total</b>	<b>24,757.13</b>	<b>23,831.75</b>

**34 FAIR VALUE MEASUREMENT****(a) Financial Instrument by category**

(₹ in lakhs)

Particulars	Note	31.03.2019		
		FVPL	FVOCI	Amortised cost
<b>Financial assets</b>				
Investments	15	1,442.87	-	-
Trade receivables	13	-	-	539.13
Loans	6 and 12	-	-	2,285.41
Cash and cash equivalents	14A	-	-	1,861.90
Other Bank balances	14B	-	-	43.43
Others financial asset	7 and 16	-	-	182.96
<b>Total financial assets</b>		<b>1,442.87</b>	<b>-</b>	<b>4,912.83</b>

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

Particulars	Note	31.03.2019		
		FVPL	FVOCI	Amortised cost
<b>Financial liabilities</b>	<b>20</b>			
Long-term borrowings	22	-	-	1,899.27
Trade payables	23	-	-	3,369.32
Other financial liabilities		-	-	1,626.33
<b>Total financial liabilities</b>		-	-	<b>6,894.92</b>

(₹ in lakhs)

Particulars	Note	31.03.2018		
		FVPL	FVOCI	Amortised cost
<b>Financial assets</b>				
Investments	15	2,008.30	-	-
Trade receivables	13	-	-	373.87
Loans	6 and 12	-	-	2,212.78
Cash and cash equivalents	14A	-	-	1,983.34
Other Bank balances	14B			25.85
Others financial asset	7 and 16	-	-	98.50
<b>Total financial assets</b>		<b>2,008.30</b>	-	<b>4,694.34</b>

<b>Financial liabilities</b>				
Long-term borrowings	20	-	-	1,354.97
Trade payables	22	-	-	3,503.38
Other financial liabilities	23	-	-	1,273.07
<b>Total financial liabilities</b>		-	-	<b>6,131.42</b>

## (b) Fair value hierarchy

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

(₹ in lakhs)

	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements as 31 March 2019</b>					
<b>Financial assets</b>					
Investments	15	-	1,442.87	-	1,442.87
<b>Total Financial assets</b>		-	<b>1,442.87</b>	-	<b>1,442.87</b>
<b>Financial liabilities</b>					
	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

					(₹ in lakhs)
	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2019</b>					
<b>Financial assets</b>	NA	-	-	-	-
<b>Total Financial assets</b>		-	-	-	-
<b>Financial liabilities</b>	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

					(₹ in lakhs)
	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at fair value - recurring fair value measurements as 31 March 2018</b>					
<b>Financial assets</b>					
Investments	15	-	2,008.30	-	2,008.30
<b>Total Financial assets</b>		-	<b>2,008.30</b>	-	<b>2,008.30</b>
<b>Financial liabilities</b>	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

					(₹ in lakhs)
	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets and liabilities measured at amortised cost for which fair values are disclosed as at 31 March 2018</b>					
<b>Financial assets</b>	NA	-	-	-	-
<b>Total Financial assets</b>		-	-	-	-
<b>Financial liabilities</b>	NA	-	-	-	-
<b>Total Financial liabilities</b>		-	-	-	-

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

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

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

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

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

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

(₹ in lakhs)

	As at 31.03.2019		As at 31.03.2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets</b>				
<b>Other Assets</b>				
Trade receivables	539.13	539.13	373.87	373.87
Cash and cash equivalents	1,861.90	1,861.90	1,983.34	1,983.34
Other Bank balances	43.43	43.43	25.85	25.85
Loans	2,285.41	2,285.41	2,212.78	2,212.78
Others financial asset	182.96	182.96	98.50	98.50
	<b>4,912.83</b>	<b>4,912.83</b>	<b>4,694.34</b>	<b>4,694.34</b>
<b>Financial Liabilities</b>				
Long-term borrowings	1,899.27	1,899.27	1,354.97	1,354.97
Trade payables	3,369.32	3,369.32	3,503.38	3,503.38
Other financial liabilities	1,626.33	1,626.33	1,273.07	1,273.07
	<b>6,894.92</b>	<b>6,894.92</b>	<b>6,131.42</b>	<b>6,131.42</b>

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

## 35 FINANCIAL RISK MANAGEMENT

### Financial risk

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

The Group manages the risk through the finance department of Holding company that provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Treasury department activities are designed to:

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

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

Risks	Exposure arising from	Measurement
Market Risk- Foreign Exchange	Future commitment transactions	Cash flow forecasting
Market Risk- Interest Rate Risk	Long term borrowings at variable rates	Sensitivity analysis

### (A) Credit Risk

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

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

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

The gross carrying amount of trade receivables is ₹ 544.51 lakhs as at 31 March 2019 and ₹ 376.52 lakhs as at 31 March 2018.

**Reconciliation of loss allowance provision- trade receivables** (₹ in lakhs)

	31.03.2019	31.03.2018
Loss allowance at the beginning of the year	(2.65)	(1.61)
Add : Changes in loss allowances	(2.73)	(1.04)
Balance at the end of the year	<b>(5.38)</b>	<b>(2.65)</b>

**The Group's exposure to credit risk for trade receivables by geographic region was as follows -** (₹ in lakhs)

	Carrying amount	
	31.03.2019	31.03.2018
<b>Trade receivables</b>		
India	537.36	369.78
U.A.E and Kuwait	7.15	6.74
	<b>544.51</b>	<b>376.52</b>

There are no significant amounts due by more than 180 days and not provided for. Management believes that these are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

The Group maintains exposure in cash and cash equivalents, term deposits with banks, Loans, Security deposits and other financial assets. Security deposits are interest free deposits given by the Group for properties taken on lease. Provision is taken on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of Security deposit is ₹ 2,030.66 lakhs as at 31 March 2019 and ₹ 1,953.38 lakhs as at 31 March 2018.

Advances are given to joint venture for various operational requirements. Provision is made on a case to case basis depending on circumstances with respect to non recoverability of the amount. The gross carrying amount of loans and advances is Nil as at 31 March 2019 and ₹ 304.75 lakhs as at 31 March 2018.

**(B) Liquidity Risk**

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

The current ratio (i.e. current asset to current liabilities) of the Group as at 31 March 2019 is 0.64 (as at 31 March 2018 is 0.87) whereas the liquid ratio (i.e. liquid assets to current liabilities) of the Group as at 31 March 2019 is 0.40 (as at 31 March 2018 is 0.56)

**Maturity patterns of financial liabilities**

(₹ in lakhs)						
As at 31 March 2019	Note	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Long-term borrowings	20	-	690.64	690.64	517.98	1,899.27
Trade payables	22	3,369.32	-	-	-	3,369.32
Other financial liabilities	23	1,626.33	-	-	-	1,626.33
<b>Total</b>		<b>4,995.65</b>	<b>690.64</b>	<b>690.64</b>	<b>517.98</b>	<b>6,894.92</b>

(₹ in lakhs)						
As at 31 March 2018	Note	Less than 1 year	1 year - 2 years	2 years to 3 years	3 years and above	Total
Long-term borrowings	20	-	964.78	130.06	260.13	1,354.97
Trade payables	22	3,503.38	-	-	-	3,503.38
Other financial liabilities	23	1,273.07	-	-	-	1,273.07
<b>Total</b>		<b>4,776.45</b>	<b>964.78</b>	<b>130.06</b>	<b>260.13</b>	<b>6,131.42</b>



# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## (C) Market Risk

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

### (i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures on account of procurement of goods and services, primarily with respect to US Dollar, EURO and AED.

The Group's management regular review the currency risk. However at this stage the Group has not entered into any forward exchange contracts or other arrangements to cover this risk as the risk is not material.

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

(Foreign Currency in lakhs)			
As at 31 March 2019	USD	EURO	AED
<b>Financial assets</b>			
Trade receivables	0.31	-	-
Advance to supplier and related parties	4.48	0.01	28.53
Bank balances	1.38	-	-
<b>Financial liabilities</b>			
Trade payables	0.82	-	-

(Foreign Currency in lakhs)			
As at 31 March 2018	USD	EURO	AED
<b>Financial assets</b>			
Trade receivables	0.69	-	-
Advance to supplier and related parties	3.27	0.14	28.53
Bank balances	0.06	-	-
<b>Financial liabilities</b>			
Trade payables	0.91	0.06	-

### Foreign Currency Risk Sensitivity

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

(₹ in lakhs)				
	31.03.2019		31.03.2018	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	3.70	(3.70)	1.57	(1.57)
EURO	0.01	(0.01)	0.06	(0.06)
AED	5.37	(5.37)	5.02	(5.02)
<b>(Increase) / decrease in reported Loss</b>	<b>9.08</b>	<b>(9.08)</b>	<b>6.65</b>	<b>(6.65)</b>

### (ii) Interest Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group does not have significant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Group has not used any interest rate derivatives.

As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates would have led to approximately an additional ₹8.75 lakhs (31 March 2018 - ₹6.36 lakhs) in Statement of Profit and Loss. A 25 bps decrease in interest rates would have led to an equal but opposite effect.

### (iii) Price Risk:

Mutual fund Net Asset Values ( NAVs) are impacted by a number of factors like interest rate risk, credit risk, liquidity risk, market risk in addition to other factors. A movement of 1% in NAV on either side can lead to a gain/loss of ₹ 14.43 lakhs and ₹ 20.08 lakhs, on the overall portfolio as at 31 March 2019 and 31 March 2018 respectively.

**36 CAPITAL MANAGEMENT**

The Group aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

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

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

**37 DISCLOSURE UNDER IND AS 115, REVENUE FROM CONTRACTS WITH CUSTOMERS**

The Group adopted Ind AS 115 with a modified retrospective approach, with the effect of initially applying this standard being recognised at the date of initial application (i.e. 1 April 2018) in Retained Earnings. Hence, the figures for the comparative periods and year ended 31 March 2018 have not been restated. On adoption of Ind AS 115, the Group refined its accounting of performance obligations including allocation of fair values and treatment of upfront fees. Consequently, ₹ 3,884.11 lakhs of Revenue from Operations has been reduced from Retained Earnings as at 31 March 2018. Further, as a result of this change, Revenue from Operations for the year ended 31 March 2019 is higher by ₹ 433.70 lakhs and loss after tax is lower by an equal amount. The Basic and Diluted EPS for the year ended 31 March 2019 is ₹ (11.93) per share instead of ₹ (15.25) per share.

(₹ in lakhs)

Particulars	As at 31.03.2019
<b>Details of contract balances:</b>	
<b>Balance as at beginning of the year</b>	10,843.64
Advances received from the customers	35,156.00
Revenue recognised from contracts at the beginning of the reporting period and advances received during the year	35,586.73
<b>Balance as at end of the year</b>	<b>10,412.91</b>

**Information on performance obligations in contracts with Customers:** (₹ in lakhs)

Particulars	2020	2021-2025	Total
Contract revenue	9,391.98	1,020.93	10,412.91

**Changes in accounting policy****A. Reconciliation between balances without adoption of Ind AS 115 and as reported** (₹ in lakhs)

Particulars	As reported	Adjustments	Balance without adoption of Ind AS 115
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10,212.02	-	10,212.02
Capital work-in-progress	84.40	-	84.40
Intangible assets	690.12	-	690.12
Goodwill on consolidation	9,653.84	-	9,653.84
<b>Financial assets</b>			
Loans	1,647.16	-	1,647.16
Other financial assets	1.96	-	1.96

## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

Particulars	As reported	Adjustments	Balance without adoption of Ind AS 115
Deferred tax assets	2,106.66	-	2,106.66
Non-current tax assets	387.36	-	387.36
Other non-current assets	573.75	-	573.75
<b>Current assets</b>			
Inventories	4,320.49	-	4,320.49
<b>Financial assets</b>			
Loans	638.25	-	638.25
Investments	539.13	-	539.13
Trade receivables	1,861.90	-	1,861.90
Cash and cash equivalents	43.43	-	43.43
Bank balances other than above	1,442.87	-	1,442.87
Others financial assets	181.00	-	181.00
Other current assets	2,443.35	-	2,443.35
<b>TOTAL ASSETS</b>	<b>36,827.69</b>	<b>-</b>	<b>36,827.69</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	1,306.41	-	1,306.41
Other equity	14,473.00	3,884.11	18,357.11
Non-controlling interest	107.12		107.12
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	1,899.27	-	1,899.27
Long-term provisions	1,012.92	-	1,012.92
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables			-
Total outstanding dues of Micro enterprises and Small enterprises	105.86	-	105.86
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	3,263.46	-	3,263.46
Other financial liabilities	1,626.33	-	1,626.33
Short-term provisions	504.47	-	504.47
Other current liabilities	12,528.85	(3,884.11)	8,644.74
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36,827.69</b>	<b>-</b>	<b>36,827.69</b>

**B. Reconciliation of total comprehensive income for the year ended 31 March 2019** (₹ in lakhs)

Particulars	As reported	Adjustments	Balance without adoption of Ind AS 115
<b>Income</b>			
Revenue from operations	42,037.80	(433.70)	41,604.10
Other operating revenue	48.92	-	48.92
Other income	415.77	-	415.77
<b>Total Income</b>	<b>42,502.49</b>	<b>(433.70)</b>	<b>42,068.79</b>
<b>Expenses</b>			
Cost of materials consumed	1,618.84	-	1,618.84
Purchases of stock-in-trade	143.78	-	143.78
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(156.92)	-	(156.92)
Employee benefits expense	14,350.20	-	14,350.20
Finance costs	283.87	-	283.87
Depreciation and amortisation expense	2,908.31	-	2,908.31
Impairment loss	527.48	-	527.48
Other expenses	24,757.13	-	24,757.13
<b>Total expenses</b>	<b>44,432.69</b>	<b>-</b>	<b>44,432.69</b>
<b>Loss before share of net profits of investments accounted for using equity method and tax</b>	<b>(1,930.20)</b>	<b>(433.70)</b>	<b>(2,363.90)</b>
Share of net profit / (loss) of joint venture accounted for using equity method	(182.10)	-	(182.10)
<b>Loss before tax</b>	<b>(2,112.30)</b>	<b>(433.70)</b>	<b>(2,546.00)</b>
<b>Tax expense</b>			
Current tax	-	-	-
Deferred tax (credit)	-	-	-
Tax for earlier years	(555.00)	-	(555.00)
<b>Loss for the year (IV - V)</b>	<b>(1,557.30)</b>	<b>(433.70)</b>	<b>(1,991.00)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit plan	(21.03)	-	(21.03)
<b>Other Comprehensive (Loss) / Income for the year</b>	<b>(21.03)</b>	<b>-</b>	<b>(21.03)</b>
<b>Total Comprehensive (Loss) / Income for the year</b>	<b>(1,578.33)</b>	<b>-</b>	<b>(1,578.33)</b>
<b>Net profit / (loss) is attributable to:</b>			
Owners	(1,596.41)	-	(1,596.41)
Non-controlling interests	39.11	-	39.11
<b>Other comprehensive Income / (loss) attributable to:</b>			
Owners	(21.03)	-	(21.03)
Non-controlling interests	-	-	-
<b>Total comprehensive income / (loss) attributable to:</b>			
Owners	(1,617.44)	-	(1,617.44)
Non-controlling interests	39.11	-	39.11

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## 38 IND AS 116 DISCLOSURE

The new standard on leases sets out the principles for the recognition, measurement, presentation and disclosure of the leases. The core objective of this standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represent those transactions.

The Group is required to adopt Ind AS 116, Leases from 1 April, 2019. Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Group has completed an initial assessment of the potential impact on its standalone financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the standalone financial statements in the period of initial application is not reasonably estimable as at present.

- the total assets and liabilities on the balance sheet will increase with a decrease in net total assets, due to the depreciation of right of use assets being on a straightline basis whilst the lease liability reduces by the principal amount of repayments;

- Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease liability. Interest expense will be greater earlier in a lease's life, due to the higher principal value, causing profit variability over the term of lease. This effect may be partially mitigated due to the number of leases held by the Group at various stages of their terms; and

- operating cash flows will be higher and financing cash flows will be lower, as repayment of the principal portion of all lease liabilities will be classified as financing activities.

The Group plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

## 39 RELATED PARTY DISCLOSURE

### I. Relationships

#### (a) Joint Venture

Kaya - Al Beda JV - Kuwait (till 31 January 2019)

#### (b) Key Management Personnel (KMP)

Mr. Harsh Mariwala - Chairman and Managing Director

Mr. B. S. Nagesh - Independent Director

Mr. Irfan Mustafa - Independent Director

Mr. Nikhil Khattau - Independent Director

Mr. Rajen Mariwala - Director

Ms. Ameera Shah - Independent Director

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

Marico Limited

Soap Opera

Aqua Centric Private Limited

**II. Transactions carried out with related parties referred to in 1(a) to 1(c) above:**

(₹ in lakhs)

Nature of transaction	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Reimbursement of expenses incurred for the group</b>		
Marico Limited	57.39	63.00
Soap Opera	-	0.22
<b>Reimbursement of expenses paid by Group on behalf of</b>		
Soap Opera	-	0.07
<b>Purchase of goods</b>		
Marico Limited	2.57	4.27
Soap Opera	157.61	161.93
<b>Brand promotion income</b>		
Soap Opera	55.25	-
<b>Royalty fees</b>		
Marico Limited	2.27	-
<b>Manpower Cross charge</b>		
Aqua Centric Private Limited	22.00	-
<b>Rent paid</b>		
Marico Limited	79.75	93.22
<b>Management Fees</b>		
Kaya Al-Beda JV	35.89	53.18
<b>Directors sitting fees</b>		
Mr. B. S. Nagesh	8.00	12.01
Mr. Irfan Mustafa	4.50	8.01
Mr. Nikhil Khattau	6.50	9.01
Mr. Rajen Mariwala	4.50	8.01
Ms. Ameera Shah	5.50	8.01

**III. Balances receivable or payable at the year end:**

(₹ in lakhs)

Nature of transaction	As at 31.03.2019	As at 31.03.2018
<b>Trade payables</b>		
Marico Limited	41.91	47.89
Soap Opera	20.27	31.19
<b>Trade receivables</b>		
Marico Limited	2.27	-
Soap Opera	13.68	-
<b>Security deposit</b>		
Marico Limited	-	10.00
<b>Other current financial assets</b>		
Aqua Centric Private Limited	22.00	-
<b>Other current &amp; non current assets</b>		
Kaya Al-Beda JV	-	304.75
<b>Other current liabilities</b>		
Kaya Al-Beda JV	10.45	-

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## 40 SHARE BASED PAYMENTS

### a) Kaya ESOP 2014:

The Board of Directors of the Holding Company had granted 135,771 stock options to certain eligible employees pursuant to the Kaya Limited Employee Stock Option Scheme 2014 and Kaya Limited Employee Stock Option Scheme 2014 (Kaya Middle East FZE) (together referred as 'Kaya ESOP 2014'). One stock option is represented by one equity share of Kaya Limited. The vesting date for Kaya Limited Employee Stock Option Scheme 2014 and Kaya Limited Employee Stock Option Scheme 2014 (Kaya Middle East FZE) was 31 March 2016 and 31 March 2017, respectively. The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

<b>Kaya ESOP 2014</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Weighted average share price of options exercised	NA	300
<b>Number of options granted, exercised, and forfeited</b>		
Balance at the beginning of the year	-	5,450
Granted during the year	-	-
Less: Exercised during the year	-	5,450
Forfeited/lapsed during the year	-	-
<b>Balance as at end of the year</b>	-	-
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	NA	NA

### b) Kaya ESOP 2016

During the year ended 31 March, 2017 the Board of Directors of the Holding Company has granted 253,893 stock options at ₹ 732 per option, to certain eligible employees of the Holding Company and Kaya Middle East FZE (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme I. One stock option is represented by one equity share of Kaya Limited

The Options granted under Kaya ESOP 2016 - Scheme I shall vest over 3 years from the Grant Date in the following manner:

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

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

<b>Kaya ESOP 2016 Scheme - I</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Weighted average share price of options exercised	732	732
<b>Number of options granted, exercised, and forfeited</b>		
Balance at the beginning of the year	1,23,013	1,44,558
Granted during the year	-	-
Less: Exercised during the year	33,237	2,840
Forfeited/lapsed during the year	45,094	18,705
<b>Balance as at end of the year</b>	44,682	1,23,013
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	1	2

During the year, the Board of Directors of the Company has granted 27,400 stock options at ₹1,063.80 per option and 14,700 stock options at ₹1,063.80 per option, to certain employees of the Company and Kaya Middle East FZE (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme II & Scheme III, respectively. One stock option is represented by one equity share of Kaya Limited.

Kaya ESOP 2016	31.03.2019	31.03.2018	
	Scheme III	Scheme II	Scheme III
Weighted average share price of options exercised	1063.80	1063.80	1063.80
Number of options granted, exercised, and forfeited			
Balance at the beginning of the year	14,700	-	-
Granted during the year	-	27,400	14,700
Less: Exercised during the year	-	-	-
Forfeited/lapsed during the year	-	27,400	-
Balance as at end of the year	14,700	-	14,700
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	1	NA	2

During the year, the Board of Directors of the Company has granted 25,118 stock options at ₹ 1,066.62 per option to certain employees of the Company and Kaya Middle East FZE (subsidiary company), pursuant to the Kaya ESOP 2016 - Scheme III, respectively. One stock option is represented by one equity share of Kaya Limited.

Kaya ESOP 2016	31.03.2019
	Scheme III
Weighted average share price of options exercised	1,066.62
<b>Number of options granted, exercised, and forfeited</b>	
Balance at the beginning of the year	
Granted during the year	25,118
Less: Exercised during the year	-
Forfeited/lapsed during the year	6,078
Balance as at end of the year	19,040
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	1

The Group has applied the fair value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted ₹ 28.09 lakhs (31 March 2018: ₹ 76.40 lakhs) as compensation cost under the 'fair value' method (refer note 32).

Particulars	2019	2018
Aggregate of all stock options to current paid-up equity share capital (percentage)	1%	1%

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

**For year ended 31 March 2019**

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



# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## For year ended 31 March 2018

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

The Board of Directors of Kaya Middle East FZE ('Kaya 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 30 April 2017 and the Exercise Period is of six months from the vesting date.

Before the vesting date and with communication with the employee, Kaya Middle East FZE in its Board meeting dated 10 May 2017 modified the Scheme for grant of stock option to the eligible employee of Kaya FZE. The Kaya Middle East FZE Employees Stock Option Scheme 2014 was replaced with Kaya Middle East FZE Employees Stock Option Scheme 2017. As per the modified scheme, 550 options (as per previous KME ESOP Scheme 2014 - 22 options) were granted on 10 May 2017 and were vested on 11 May 2017 and the exercise period was six months from the vesting date. These options were exercised in July 2017 and were allotted on 8 July 2017.

Consequently due to grant of the option the legal status of the entity changed from Free Zone Establishment to a Free Zone Company and on vesting date the face value of each share was changed from AED 150,000 per share to AED 1,000 per share, so accordingly the number of shares has undergone a revision. The above scheme was modified to comply with the Middle East regulations.

Upon exercise of the Option, Kaya Middle East FZE /its Holding Company / its Group Company shall buy the shares so issued, at a price based on a pre-determined valuation methodology. The scheme is administered by the Board of Kaya Middle East FZE.

The original and modified schemes are considered as Cash settled under Ind AS as against Equity settled as previously accounted.

Subsequently during the year, KME Holding Pte Ltd. (a wholly owned subsidiary of Kaya Limited) acquired the shares of the employee.

<b>KME ESOP</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Weighted average share price of options exercised	NA	NA
<b>Number of options granted, exercised, and forfeited</b>		
Balance at the beginning of the year	-	22
Granted during the year due to scheme modification	-	550
Less: Exercised during the year	-	550
Forfeited/lapsed during the year	-	22
<b>Balance as at end of the year</b>	-	-
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>	NA	NA

This ESOP has been accounted as cash-settled employee share-based plan and accordingly the Company has applied the fair value based method of accounting and has accounted Nil (31 March 2018 - ₹ 495.74 lakhs) as compensation cost under the 'fair value' method [refer note 30].

**41 CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS**

## (a) Contingent liabilities

(₹ in lakhs)

Particulars	As at	
	31.03.2019	31.03.2018
Claims against the Group not acknowledged as debts		
- Sales tax matters	150.41	75.97
- Service tax matters	436.80	436.80
- Goods & Services tax matters	48.03	-
<b>Total</b>	<b>635.24</b>	<b>512.77</b>

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

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

## (c) Capital commitments

(₹ in lakhs)

Particulars	As at	
	31.03.2019	31.03.2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	236.51	143.47
Cash margin for clinic in Fujairah	9.41	8.86
<b>Total</b>	<b>245.92</b>	<b>152.33</b>

## (d) The Hon'ble Supreme Court of India ("SC") vide order dated 28 February 2019, in the case of Surya Roshani Limited &amp; others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in these Consolidated financial statements.

**42 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.

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

(₹ in lakhs)

	Year ended	
	31.03.2019	31.03.2018
Lease payments recognised in the Statement of Profit and Loss during the year*	5,935.26	5,450.01
Future minimum lease rentals payable:		
not later than one year	2,647.64	2,713.31
later than one year but not later than five years	5,688.86	6,854.36
later than five years	1,470.54	1,691.88

\* Including Contingent Rent ₹ 9.42 lakhs (31 March 2018 - ₹ 10.67 lakhs)

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## 43 SEGMENT INFORMATION

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

The Group operates only in one business segment i.e. "Sale of skin and hair care products and services" which is reviewed by CODM. No single customer contributes to more than 10% of the Group's revenue. The CODM examines the Group performance from a geographic perspective and has identified two of its following business as identifiable segments:

- a) India
- b) Middle East

### Geographical information

#### (i) Revenue

Particulars	₹ in lakhs	
	31.03.2019	31.03.2018
India	20,896.62	20,019.11
Middle East	21,190.10	20,019.19
<b>Total</b>	<b>42,086.72</b>	<b>40,038.30</b>

#### (ii) Non - current assets\*

Particulars	₹ in lakhs	
	As at 31.03.2019	As at 31.03.2018
India	5,952.01	6,702.24
Middle east	16,911.24	16,069.16
<b>Total</b>	<b>22,863.25</b>	<b>22,771.40</b>

\*Non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets

## 44 POST RETIREMENT BENEFIT PLANS

### I. Defined contribution plan:

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

	₹ in lakhs	
	Year Ended 31.03.2019	Year Ended 31.03.2018
Contribution to provident fund	204.21	204.54
Contribution to employee state insurance contribution	59.76	63.45
Contribution to labour welfare fund	0.13	0.12
<b>Total</b>	<b>264.10</b>	<b>268.11</b>

### II. Defined benefit plan:

#### Gratuity:

##### India:

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

##### Middle East:

The subsidiary companies provides for gratuity to employees in Middle East as per local labour laws. Gratuity is paid to employees considering whether employees are classified under "limited contract" or "unlimited contract". The amount of gratuity payable on retirement/termination is based on this classification under local labour laws.

**A. Balance sheet amounts - Gratuity** (₹ in lakhs)

	Present value of Obligation	Fair value of plan assets	Net amount
<b>As at 31 March 2017</b>	<b>965.37</b>	<b>101.71</b>	<b>863.66</b>
Current service cost	189.18	-	189.18
Interest expense	41.10	(6.68)	34.42
Past Service Cost	8.13	-	8.13
<b>Total amount recognised in profit or loss</b>	<b>238.41</b>	<b>(6.68)</b>	<b>231.73</b>
Remeasurements			
Actuarial (Gain)/loss from on obligation	38.91	(1.67)	40.58
Benefit Payments	(164.05)	-	(164.05)
<b>As at 31 March 2018</b>	<b>1,078.64</b>	<b>93.36</b>	<b>971.92</b>
Current service cost	159.05	-	159.05
Interest expense	41.14	(7.40)	33.74
Past Service Cost	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>200.19</b>	<b>(7.40)</b>	<b>192.79</b>
Remeasurements			
Actuarial (Gain)/loss from on obligation	22.28	1.25	21.03
Benefit Payments	(194.81)	-	(194.81)
<b>As at 31 March 2019</b>	<b>1,106.31</b>	<b>87.21</b>	<b>990.93</b>

**B. Recognised in Profit or loss**

	(₹ in lakhs)	
For the year	31.03.2019	31.03.2018
Current service cost	159.05	189.18
Interest expense	33.74	34.42
Past Service Cost	-	8.13
	<b>192.79</b>	<b>231.73</b>

**C. Recognised in other comprehensive income**

	(₹ in lakhs)	
For the year	31.03.2019	31.03.2018
Actuarial (Gain)/loss from on obligation	21.03	40.58
	<b>21.03</b>	<b>40.58</b>

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

	(₹ in lakhs)	
	As at 31.03.2019	As at 31.03.2018
Present value of funded obligations	1,106.31	1,078.64
Fair value of plan assets	(115.37)	(106.72)
<b>Deficit of gratuity plan</b>	<b>990.93</b>	<b>971.92</b>

**E. The significant actuarial assumptions were as follows**

	As at 31.03.2019	As at 31.03.2018
Discount rate	3.10% to 6.53%	3.10% to 6.93%
Future salary rise*	5% to 6.53%	5% to 8%
Attrition Rate	20 % to 41%	20 % to 41%

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

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## F. Sensitivity

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

(₹ in lakhs)

	31.03.2019		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(35.08)	38.33
Rate of salary increase	1%	36.81	(34.60)
Rate of employee turnover	1%	(4.46)	4.68

(₹ in lakhs)

	31.03.2018		
	Change in assumption	Increase in Rate / Increase (Decrease) in DBO	Decrease in Rate / Decrease (Increase) in DBO
Rate of discounting	1%	(33.11)	36.00
Rate of salary increase	1%	34.66	(32.41)
Rate of employee turnover	1%	(4.10)	4.30

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

## G. The defined benefit obligations shall mature after year end as follows:

(₹ in lakhs)

Year ending March 31	2019	2018
1st following year	264.50	283.66
2nd following year	186.35	175.28
3rd following year	155.78	144.90
4th following year	152.50	120.71
5th following year	124.81	119.83
Sum of years 6 to 10	238.21	268.83

## H. Risk exposure

The Group is exposed to below risks, pertaining to its defined benefit plans.

**Asset volatility :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan assets has investments in insurance/equity managed fund, fixed income securities with high grades, public/private sector units and government securities. Hence assets are considered to be secured.

**Changes in bond yields :** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

## I. Compensated absences

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

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Opening balance of Compensated absences (a)	627.58	654.30
Present value of compensated absences (As per actuarial valuation) as at the year end (b)	498.07	627.58

## Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

### 45 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III:

Name of the entities	Net Assets i.e. total assets minus total liabilities			Share in profit or loss		
	As a % of consolidated net assets	₹ in lakhs	₹ in lakhs	As a % of consolidated profit or loss	₹ in lakhs	₹ in lakhs
	31.03.2019	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2018
<b>Holding company</b>						
Kaya Limited	102.55%	16,292.37	14,924.31	26.83%	(417.81)	(1,309.73)
<b>Subsidiaries</b>						
KME Holdings Pte. Limited	58.87%	9,352.41	9,111.38	3.58%	(55.78)	(4.90)
Kaya Middle East FZE	29.19%	4,637.38	5,853.20	5.96%	(92.77)	(1,138.60)
Kaya Middle East DMCC	-5.21%	(828.46)	56.31	57.57%	(896.58)	237.34
IRIS Medical Centre LLC	1.58%	251.26	345.39	6.10%	(94.96)	(5.90)
Minal Medical Centre LLC	1.28%	200.51	227.41	-13.20%	205.55	391.31
Minal Specialised Clinic Dermatology LLC	0.49%	77.20	207.11	-0.51%	7.87	158.29
<b>Joint Venture</b>						
Kaya - Al Bada JV	0.00%	-	-	11.69%	(182.10)	(85.98)
<b>Subtotal</b>	<b>188.73%</b>	<b>29,982.66</b>	<b>30,725.10</b>	<b>98.03%</b>	<b>(1,526.59)</b>	<b>(1,758.18)</b>
Intercompany Elimination and Consolidation Adjustments	-88.73%	(14,096.14)	(9,540.88)	1.97%	(30.71)	(218.74)
<b>Grand total</b>	<b>100.00%</b>	<b>15,886.52</b>	<b>21,184.22</b>	<b>100.00%</b>	<b>(1,557.30)</b>	<b>(1,976.92)</b>
Minority Interest	0.67%	107.12	160.44	-2.51%	39.11	136.51

# Notes to Consolidated Financial Statements (Contd.)

for the year ended 31 March 2019

## 45 ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III: (CONTD.)

Name of the entities	Share in other comprehensive income			Share in other total comprehensive income		
	As a % of other comprehensive income	As a % of other comprehensive income	₹ in lakhs	As a % of total comprehensive income	As a % of total comprehensive income	₹ in lakhs
	31.03.2019	31.03.2018	31.03.2019	31.03.2019	31.03.2018	31.03.2018
<b>Holding company</b>						
Kaya Limited	105.10%	41.33%	(22.10)	27.87%	65.75%	(439.91)
<b>Subsidiaries</b>						
KME Holdings Pte. Limited	0.00%	0.00%	-	3.53%	0.24%	(55.78)
Kaya Middle East FZE	-5.10%	58.67%	1.07	5.81%	57.62%	(91.70)
Kaya Middle East DMCC	0.00%	0.00%	-	56.81%	-11.76%	(896.58)
IRIS Medical Centre LLC	0.00%	0.00%	-	6.02%	0.29%	(94.96)
Minal Medical Centre LLC	0.00%	0.00%	-	-13.02%	-19.40%	205.55
Minal Specialised Clinic Dermatology LLC	0.00%	0.00%	-	-0.50%	-7.85%	7.87
<b>Joint Venture</b>						
Kaya - Al Beda JV	0.00%	0.00%	-	11.54%	4.26%	(182.10)
<b>Subtotal</b>	<b>100.00%</b>	<b>100.00%</b>	<b>(21.03)</b>	<b>98.05%</b>	<b>89.16%</b>	<b>(1,547.62)</b>
Intercompany Elimination and Consolidation Adjustments	0.00%	0.00%	-	1.95%	10.84%	(30.71)
<b>Grand total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>(21.03)</b>	<b>100.00%</b>	<b>100.00%</b>	<b>(1,578.33)</b>
Minority Interest	0.00%	0.00%	-	-2.48%	-6.77%	39.11
						136.51

**46 EARNINGS PER SHARE**

	Year ended 31.03.2019	Year ended 31.03.2018
<b>(a) Basic earnings/(loss) per share</b>		
Basic earnings/(loss) per share attributable to the equity holders of the Group (in ₹)	(11.93)	(15.17)
<b>(b) Diluted earnings per share</b>		
Diluted earnings/(loss) per share attributable to the equity holders of the Group (in ₹)*	(11.93)	(15.17)
<b>(c) Earnings/(loss) used in calculating earnings per share</b>		
For basic earnings/(loss) per share	(1,557.30)	(1,976.92)
For diluted earnings/(loss) per share	(1,557.30)	(1,976.92)
<b>(d) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares in calculating basic earnings/(loss) per share	13,053,691	13,028,104
Impact of Share Options* - Anti dilutive	1,220	10,251
<b>Weighted average number of equity shares and potential equity shares in calculating diluted earning/(loss) per share</b>	<b>13,053,691</b>	<b>13,028,104</b>

\* Since the earnings/(loss) per share computation based on dilutive weighted average number of shares is anti-dilutive, the basic and diluted earnings/(loss) per share is the same.

**47** The Holding Company in light of losses incurred in the past years is not required to spend any amount towards Corporate Social Responsibility for the year 2018-2019.

**48** The MCA wide notification dated 11 October 2018 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures. The Company has incorporated appropriate changes in the Consolidated financial statements.

Notes referred to above form an integral part of the Consolidated financial statements.

As per our report of even date attached.

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

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

**Rajesh Mehra**  
Partner  
Membership Number: 103145

**Harsh Mariwala**  
Chairman and Managing Director  
DIN: 00210342

**Nikhil Khattau**  
Director  
DIN: 00017880

**Rajiv Nair**  
Chief Executive Officer

**Saurabh Shah**  
Chief Financial Officer

Place: Mumbai  
Dated: 7 May 2019

**Nitika Dalmia**  
Company Secretary









# Corporate information

## **Kaya Limited**

Annual Report 2018 - 19

### **Board of Directors**

Mr. Harsh Mariwala  
Mr. Rajendra Mariwala  
Ms. Ameera Shah  
Mr. B. S. Nagesh  
Mr. Irfan Mustafa  
Mr. Nikhil Khattau

### **Company Secretary & Compliance Officer**

Ms. Nitika Dalmia

### **Chief Financial Officer**

Mr. Naveen Duggal (up to July 13, 2018)  
Mr. Saurabh Shah (w.e.f. July 14, 2018)

### **Audit and Risk Management Committee**

Mr. Nikhil Khattau, Chairman  
Ms. Ameera Shah, Member  
Mr. B. S. Nagesh, Member  
Mr. Harsh Mariwala, Permanent Invitee to the Committee  
Ms. Nitika Dalmia, Secretary to the Committee

### **Nomination & Remuneration Committee**

Mr. B. S. Nagesh, Chairman  
Mr. Irfan Mustafa, Member  
Mr. Rajendra Mariwala, Member  
Mr. Harsh Mariwala, Permanent Invitee to the Committee  
Ms. Nitika Dalmia, Secretary to the Committee

### **Stakeholders' Relationship Committee**

Mr. Nikhil Khattau, Chairman  
Mr. B. S. Nagesh, Member  
Mr. Harsh Mariwala, Member  
Ms. Nitika Dalmia, Secretary to the Committee

## **Corporate Social Responsibility Committee**

Mr. Harsh Mariwala, Chairman  
Mr. B. S. Nagesh, Member  
Mr. Rajendra Mariwala, Member  
Ms. Nitika Dalmia, Secretary to the Committee

### **Auditors**

B S R & Co. LLP, Chartered Accountants

### **Internal Auditors**

Ernst & Young LLP

### **Bankers**

CITI Bank  
HDFC Bank  
ICICI Bank  
Kotak Mahindra Bank Limited  
Standard Chartered Bank  
State Bank of India  
YES Bank

### **Registered Office**

23/C, Mahal Industrial Estate,  
Mahakali Caves Road,  
Near Paperbox Lane, Andheri (East),  
Mumbai — 400093  
Website: [www.kaya.in](http://www.kaya.in)



**kaya**<sup>™</sup>

**Registered Office:**

Kaya Ltd.  
Plot No. 23 C, Mahal Industrial Estate,  
Makali Caves Road, Andheri East,  
Near Paper Box, Mumbai - 400093, India

 [www.kaya.in](http://www.kaya.in)

 [investorrelations@kayaindia.net](mailto:investorrelations@kayaindia.net)