Kaya Limited

August 3, 2017

To,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

National Stock exchange of India Limited,
'Exchange Plaza', C-1Block G,
Bandra Kurla Complex, Bandra(E),
Mumbai 400 051.

BSE Scrip Code: 539276

NSE Scrip Symbol: KAYA

Subject: Submission of the Annual Report 2016-17 of Kaya Limited ("the Company").

Dear Sir/ Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed is the Annual Report for the financial year 2016-17. Please note that the Fourteenth Annual General Meeting of the Company was duly convened on August 2, 2017 at 4:30 p.m. at Indian Education Society, Manik Sabhagriha, M.D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Bandra (West) Mumbai – 400050.

The Annual Report for the financial year 2016-17 is also available on the website of the Company at www.kaya.in

Request you to take the above on record and oblige.

Thank You.

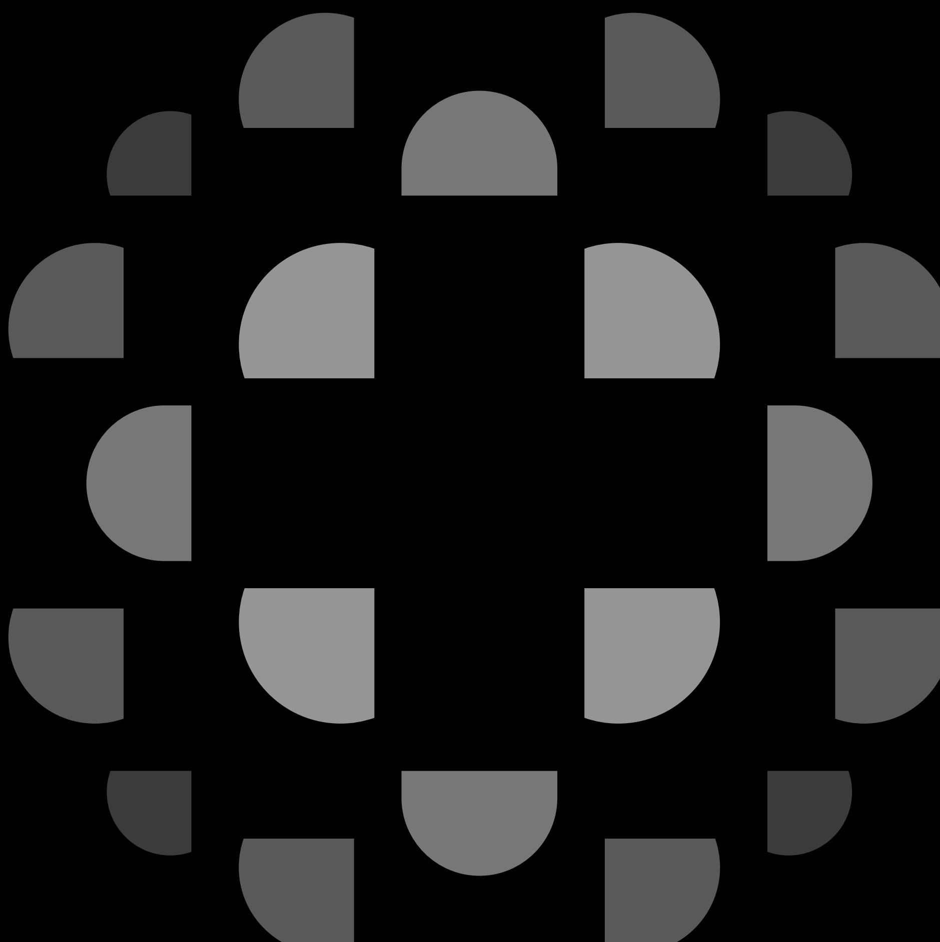
For **Kaya Limited**

Badar

Almas Badar
Company Secretary & Compliance Officer

Encl: A/a

kaya™



Annual Report

2016-17

For Kaya, Transformation is Growth.

From expertise in Skin
to now Hair Care.


kaya
Discover
Healthy &
Beautiful Skin
kaya
Discover
Expert Hair
Loss Solutions


kaya

About Kaya

Kaya offers a comprehensive range of solutions that cater to a wide variety of consumer needs like Anti-ageing, Brightening and Pigmentation, Acne and Scars, Laser Hair Removal, Hair Loss and Beauty Facials, Bridal among others. This is backed by over 160 experienced dermatologists who offer customised consultations and solutions to ensure efficacy.

In addition to this, Kaya also has a wide spectrum of retail products that range from Daily essentials, Acne fighters, Lightening and Brightening, Sun care, Anti-ageing and Hair care. We also have a range RegiMen that is specially formulated for men's skin.

Today, Kaya operates over 100 clinics spread across India across various geographies.

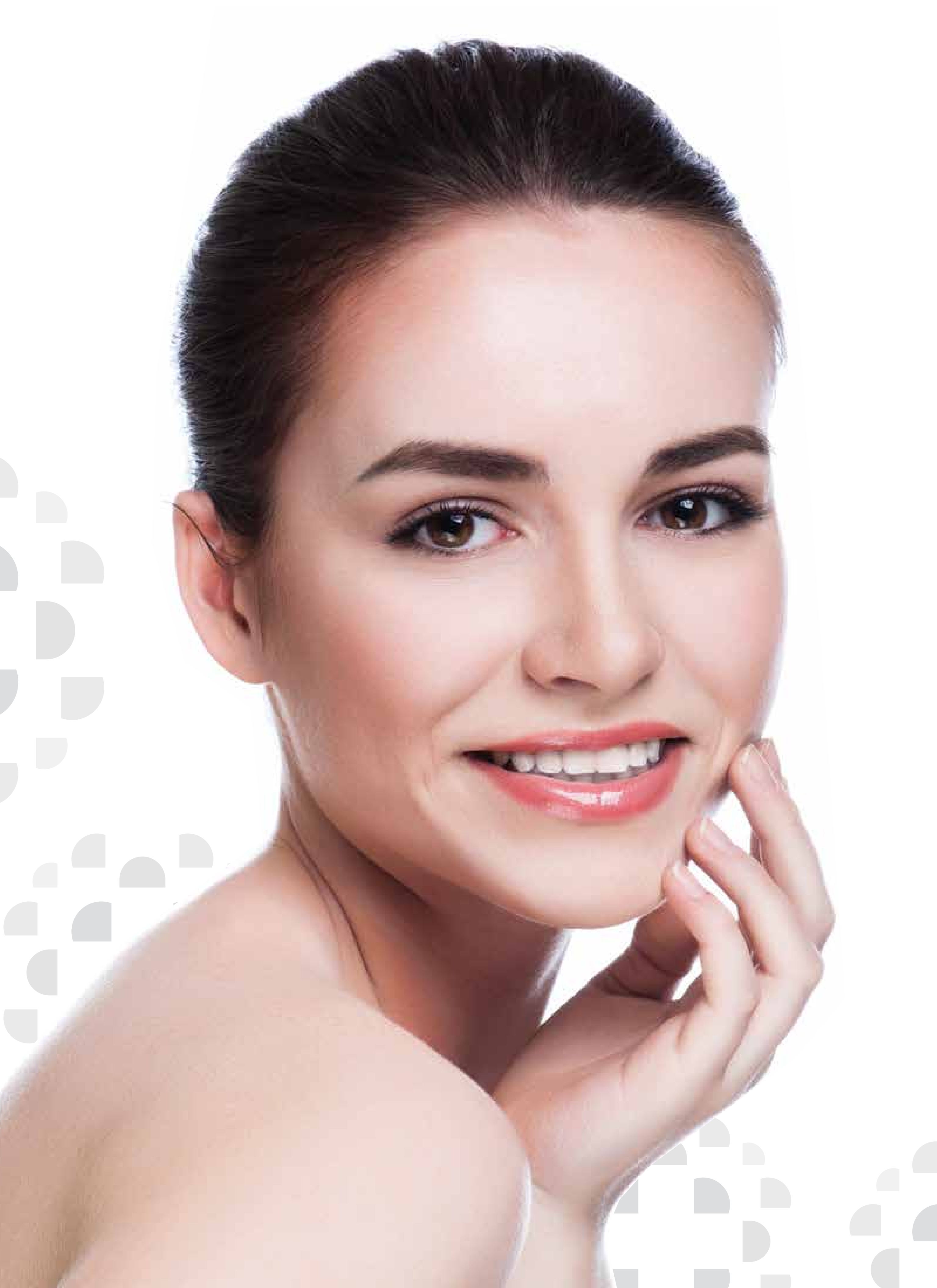
We also operate over 130 retail outlets in major departmental stores like Shoppers Stop, Lifestyle, Central and Health and Glow etc. These stores retail the entire range of Kaya products. Kaya products are also made available through e-commerce, across partners that include Nykaa, Amazon, Flipkart, Purple, Myntra etc. Additionally, Kaya consumers can now experience an e-consultation with a dermatologist from the comfort of their homes.

Also, Kaya loyalty program member base continues to grow well and currently contributes to more than 80% of overall revenue.

Kaya is the largest international chain of skincare clinics in the Middle East with over 20 clinics across UAE, Saudi Arabic & Oman and is backed by a panel of over 30 dermatologists and with over 150,000 satisfied customers.


kaya hair
hair essen
NOURISHING S
kaya men
RegiMen
kaya
body essentials
DAILY USE
BODY LOTION
with shea & mango butter
for all skin types
formula researched and
developed by dermatologists
kaya
everyday essentials
kaya
sun defense
DAILY USE
SUNSCREEN SPF 30
with whitening active
non-greasy formula
for all skin types
formula researched and
developed by dermatologists
kaya
acne free
kaya
service essentials
INSTA BRIGHTENING
MICRO-MASK
kaya
ANYTIME
MOISTURISING CREAM

A wide range of Skin, Hair and Body care retail products. Formula researched and developed by expert dermatologists.

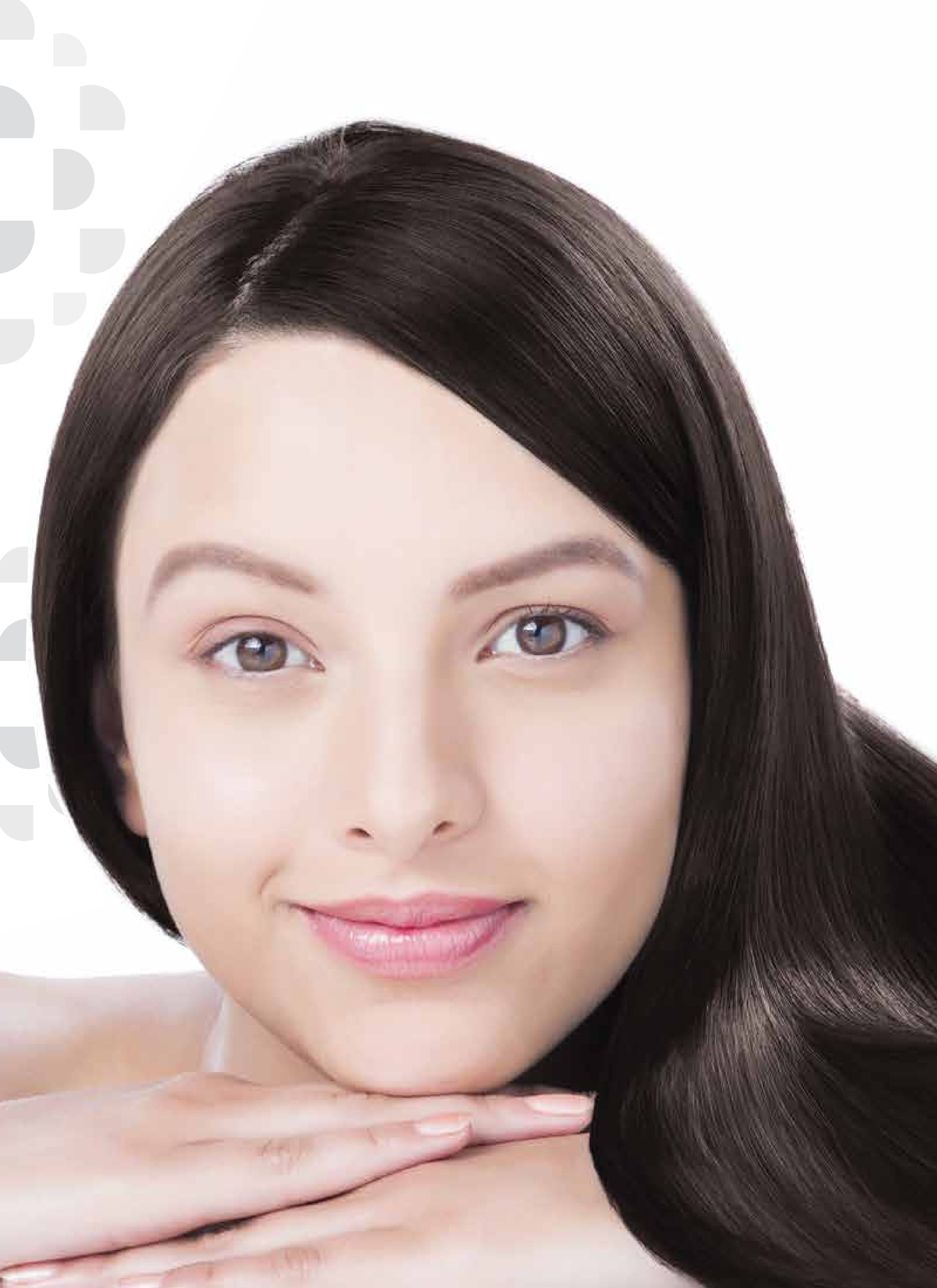


Skin Care

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

Kaya is the leader in the specialty skin care space and is backed by our expert dermatologists who understand the uniqueness of every skin and customize the solutions, designed for efficacy. This expert touch of Kaya has helped enhance and transform millions of lives.

At Kaya, one can avail a comprehensive range of efficacious solutions in categories like Anti-ageing, Pigmentation, LaserHair Removal, Acne and Scars. Also, one can enhance the look with regular beautification services. Innovations like Insta Skin Brilliance, a new solution that delivers on brightening and instant glow is finding great traction with the consumers and propelling the skin care growths as well.



Hair Care

Kaya has entered the hair care category in 2016-17 with a wide portfolio of solutions to expand its relevance from skin to hair.

The portfolio covers the entire spectrum of hair care needs from Advanced Hair Fall Solutions (Kaya Targeted Root Regen System) to Hair Health Boost Solutions (Healthy Hair, Scalp Health & Dandruff) to Expert Hair Transplant Solutions, for both men and women.

The Kaya Solution designed by our expert dermatologists is a holistic approach that works on all three dimensions of hair – the Scalp, Root and Shaft.


INDIAN SALON & WELLNESS AWARDS 2017


WELLA
INDIAN SALON & WELLNESS
Strands

Awards and Accolades

KAYA INDIA

The Golden Globe Tiger Awards, 2017 organised by World Health Congress

"Best Marketing Campaign"
"Best Skin Clinic"
Indian Salon & Wellness Congress, 2017 organised by Wellness India

"Aesthetics Chain of the Year"
"Beauty & Wellness Products Retailer/E-retailer of the Year"
Indian Salon & Wellness Congress, 2016 organised by Wellness India

"Best HR practice of the year"
National Awards for Excellence in Training & Development

"Excellence in Training & Development Award,
An Overall Award for Best Result Based Training"

KAYA MIDDLE EAST

Kaya Middle East is the only brand in the category to ever win Transform Awards in 4 categories.

"Best Brand Evolution"
Kaya was the only one to win a GOLD award in this category.

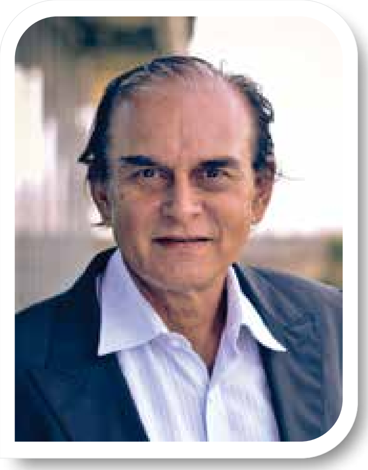
"Best Visual Identity in Healthcare"
Kaya was the only one to win a GOLD award in this category.

"Best Creative Strategy"
Kaya won SILVER in this category.

"Best Implementation of Brand Development Project"
Kaya won a BRONZE in this category.

VOTED Superbrand UAE's Choice 2017

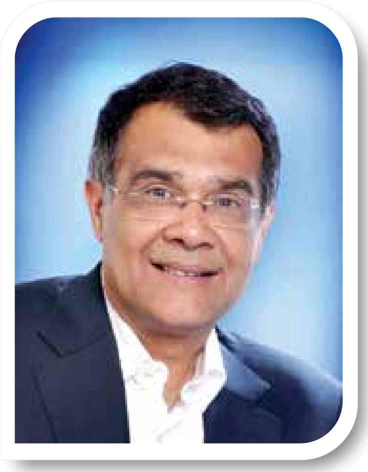
Board of Directors



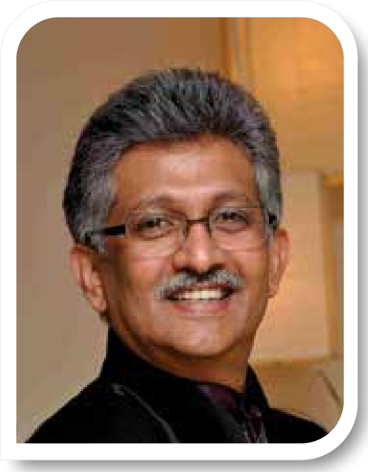
Harsh Mariwala
Chairman and Managing Director

Nikhil Khattau
Independent Director

Ameera Shah
Independent Director



Rajen Mariwala
Non- Executive Director



B S Nagesh
Independent Director

Irfan Mustafa
Independent Director

COMPANY INFORMATION

Board of Directors	:	Mr. Harsh Mariwala Mr. Rajen Mariwala Ms. Ameera Shah Mr. Nikhil Khattau Mr. B. S. Nagesh Mr. Irfan Mustafa
Company Secretary & Compliance Officer	:	Ms. Almas Badar
Chief Financial Officer	:	Mr. Dharmendar Jain (till April 21, 2017)
Audit and Risk Management Committee	:	Mr. Nikhil Khattau, Chairman Ms. Ameera Shah, Member Mr. B. S. Nagesh, Member Mr. Harsh Mariwala, Permanent Invitee to the Committee Ms. Almas Badar, Secretary to the Committee
Nomination & Remuneration Committee	:	Mr. B. S. Nagesh, Chairman Mr. Irfan Mustafa, Member Mr. Rajen Mariwala, Member Mr. Harsh Mariwala, Permanent Invitee to the Committee Ms. Almas Badar, Secretary to the Committee
Stakeholders' Relationship Committee	:	Mr. Nikhil Khattau, Chairman Mr. Rajiv Nair, Member Mr. Saurabh Shah, Member* Ms. Almas Badar, Secretary to the Committee
Investment, Borrowing and Administrative Committee	:	Mr. Harsh Mariwala, Chairman Mr. Rajiv Nair, Member Mr. Saurabh Shah, Member* Ms. Almas Badar, Secretary to the Committee
Corporate Social Responsibility Committee	:	Mr. Harsh Mariwala, Chairman Mr. B. S. Nagesh, Member Mr. Rajen Mariwala, Member Ms. Almas Badar, Secretary to the Committee
Auditors	:	Price Waterhouse, Chartered Accountants
Internal Auditors	:	Ernst & Young LLP
Banker	:	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

**Mr. Dharmendar Jain until April 21,2017*

Contents

CHAIRMAN'S STATEMENT

Dear Shareholders,

Since early 2003, your company has come a long way, Kaya has today become the largest and the most trusted chain of specialized dermatology clinics in India.

2016-17 has been a challenging year for retail in India, especially in November. Demonetization, impacted our business in Q3 post which the business stabilised in Q4.

2016 was an exciting year of innovations at Kaya. Between July and November 2016, Kaya's Advanced Hair Care Solutions was launched: a comprehensive range of solution for all hair concerns. These advanced solutions address hair loss and thinning for both genders. Also launched were Hair Transplant solutions for advanced hair loss, in 3 cities. Further, solutions encompassing scalp health, volume loss and dandruff were launched. A consumer-marketing campaign was carried out across various media; it targeted influencers like top beauty bloggers and social media influencers. This has garnered an excellent response, driving up the contribution of this category. This category has great potential to be a key growth driver for your company.

In January 2017, Kaya's Youth Brilliance range of retail products was launched. These are designed to address early and advanced signs of aging, and will strengthen an important product category for Kaya - Anti-ageing. Kaya Dramatic Renew Day Cream, a product designed to help users look up to 10 years younger in 8 weeks, won the "Best Use of an Ingredient in a Finished Product" award at the Beauty Industry Awards by Cosmetics Design Asia. Going forward, our range of retail products will be strengthened, with specialized solutions for hair fall, hair thinning and dandruff control.

Currently, 138 Kaya Skin Bars are in operation; these outlets retail the entire range of Kaya Products across Lifestyle, Shopper's Stop, and Health & Glow. E Commerce is another key growth vertical; all Kaya retail products are available across the spectrum of e commerce sites like Nykaa, Amazon, Flipkart and our own site shop.kaya and is growing well.

In addition to this, Derma Rx has been launched in 48 Kaya Skin Bars. This is an app-based diagnostic tool that helps educate consumers regarding the type of skincare that best suits them. This aligns line with our thrust on consumer education with regard to advanced skin care solutions, and our endeavour to be technology forward.

With Kaya India, one of the key thrust areas going forward will be an enhancement of the consumer experience. This will be carried out through a new retail identity and store renovations of our key clinics. The Hair care category and Retail products will continue to be major thrust areas with significant potential.

Your company has come a long way on our journey to providing the best in skin care. In the last year, Kaya won "Aesthetics Chain of the Year" and "Beauty & Wellness Products Retailer/E-retailer of the Year" award at the Indian Salon and Wellness Congress 2017, organized by Wellness India.

Kaya Skin Clinic (Middle East) continues to be the leading brand in specialized skin care in the Middle East, with a stronger foothold in the region. Our presence is driven by 23 clinics and 4 countries. I am glad to announce, your company has acquired a reputed chain of two clinics in Dubai, and Sharjah: Dr. Minal Clinic and Dr. Minal Medical Centre. This is our second acquisition in the Middle East in the last two years alone.

Since the launch of the brand in 2003, Kaya has been consistently executing its brand positioning, look and feel in the Middle East Market. The market in the Middle East has rapidly evolved, with a penetration of the category now similar to mature markets like US and Europe. We felt a need to re-define the brand, to continue to stand ahead of others in the category. A project which took more than a year, with extensive work at customer and employee level, culminated in November 2016, with the launch of our new clinic in Dubai. This will take the brand and business into a new orbit in time to come. This work can be seen through our newly launched website in the Middle East – www.kayaskinclinic.com

Our focus in Middle East continues to be to add more clinics in the GCC region, organically and inorganically, where we see synergies with customers and offerings. Over the last few years, our high focus on innovations and Product portfolio has paid off. We will continue to focus on these areas, with some new and exciting initiatives planned for this year.

With oil prices crashing, we have been seeing a slowdown in our business, especially in Saudi Arabia. This has impacted our growth and profitability over the last year. In times like these, we believe that a strong brand like ours, with its strengths on innovation, service excellence and brand loyalty, can stand strong against the tide. In the year to come, we have planned focused initiatives to up our ante in these areas, to continue our journey of growth. One of such initiatives is our foray into the category of Body Contouring in June 2017, the work for which had started in H2 last year.

Kaya Middle East was honoured with its 8th Superbrand status for the strong and prestigious brand name it identifies. The 'Superbrand status' elevates the status of the brand and sets it apart from its competitors.

Our efforts in innovation and re-branding were recognized and celebrated by the Transform Awards. The Kaya Middle East new brand identity won 4 Transform Awards over several categories for outstanding strategies and visual identity.

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

Sincerely,

Thank you and best wishes.

Harsh Mariwala
Chairman & Managing Director

Place : Mumbai
Date : May 3, 2017

DIRECTORS' REPORT

To the Members,

Your Board of Directors ('Board') is pleased to present the Fourteenth Annual Report of your Company, Kaya Limited, for the year ended March 31, 2017 ('the year under review', 'the year' or 'FY17').

In line with the requirements of the Companies Act, 2013, this report covers the financial results and other developments during April 1, 2016 to March 31, 2017 in respect of Kaya Limited ('Kaya') and Kaya Consolidated comprising Kaya, its Subsidiaries and Joint Venture. The consolidated entity has been referred to as 'Kaya Group' or 'Your Group' in this report.

FINANCIAL RESULTS – AN OVERVIEW		
Consolidated Summary Financials for the Group	**Rs. Crore**	
	Year ended March 31,	
	2017	**2016**
Revenue from Operations	410.25	369.90
Operating EBIDTA	10.09	13.38
Profit before Tax and Exceptional Items	(0.17)	8.86
Exceptional Items - Income / (expense) (net)	–	–
Profit after Tax	(0.17)	8.86
Kaya Limited – Financials	**Rs. Crore**	
	Year ended March 31,	
	2017	**2016**
Revenue from Operations	193.91	185.32
Profit before Tax	(17.76)	(8.62)
Less : Provision for Tax for the current year	–	–
Profit after Tax for the current year	(17.76)	(8.62)
Add : Surplus brought forward	(63.86)	(55.24)
Profit available for Appropriation	**(81.62)**	**(63.86)**
Appropriations:	**–**	**–**
Surplus carried forward	**(81.62)**	**(63.86)**

REVIEW OF OPERATIONS

During FY17 Kaya Limited posted revenue from operations of INR 410.25 Crores, a growth of 11% over the previous year. The business reported Loss before Tax and exception of INR 0.17 Crores (0.04% of Net Revenue) as compared to Rs. 8.86 Crores (2% of Net Revenue) over last year.

TRANSFER TO RESERVES

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

DIVIDEND

The Directors have recommended no dividend for the year ended March 31, 2017.

DIRECTORS' REPORT (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

CORPORATE SOCIAL RESPONSIBILTY ("CSR")

The statutory provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company as on March 31, 2017. Hence, your company is not required to adopt the CSR Policy for FY16-17.

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.

PUBLIC DEPOSITS

The Company did not accept any public deposits during the year 2016-17.

SUBSIDIARIES/ JOINT VENTURE

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

1. KME Holdings Pte. Ltd
2. Kaya Middle East DMCC
3. Kaya Middle East FZE
4. Iris Medical Centre LLC (w.e.f. January 18, 2016)
5. Minal Medical Centre, Dubai
6. Minal Specialized Clinic Dermatology, Sharjah

Kaya Middle East, DMCC, a foreign subsidiary of Kaya Limited had entered into an Agreement dated September 8, 2016 for acquisition of 75% beneficial interest in Minal Medical Centre, Dubai and Minal Specialized Clinic Dermatology, Sharjah. This acquisition has further strengthened our network of clinics in the UAE region.

Joint Venture

Kaya Middle East, DMCC had entered into a Joint Venture Agreement ("JV") dated January 28, 2016 with Al Beda Medical Services K.S.C.C., Kuwait ("Al Beda") to set up and operate dermatology clinic. The interest of Al Beda and Kaya Middle East, DMCC in the JV is in ratio of 51% and 49% respectively.

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

DIRECTORS’ REPORT (Contd.)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

RELATED PARTY TRANSACTIONS

All transactions with the related parties entered into during the financial year 2016-17 were at arm’s length and in the ordinary course of business and in accordance with the provisions of Companies Act, 2013 and the Rules made thereunder. Accordingly, no disclosure is made in respect of the Related Party Transactions in the prescribed Form AOC-2 in terms of Section 134 of the Companies Act, 2013.

All transactions with related parties are placed before the Audit Committee for approval. Prior omnibus approval is obtained for Related Party transactions which are of repetitive nature. The Audit Committee reviews all transactions entered into pursuant to the omnibus approval so granted on a quarterly basis.

The Board approved Policy on Related Party Transactions is uploaded on the website of the Company at www.kaya.in

DIRECTOR’S RESPONSIBILITY STATEMENT

To the best of their knowledge and information and based on the information and explanations provided to them by the Company, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013 (“the Act”):

- that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;
- that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at March 31, 2017 and of the profit and loss of your Company for the said period;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a ‘going concern’ basis;
- that proper internal financial controls to be followed by the Company were laid down and such internal financial controls are adequate and were operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

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

DIRECTORS

Mr. Harsh Mariwala has been on the Board of your Company since its incorporation i.e. March 27, 2003. He was designated as the Chairman and Managing Director of the Company for a term of 5 (five) years, without remuneration, with effect from November 1, 2011. Since the agreement with Mr. Harsh Mariwala was effective till October 31, 2016, the Board of Directors recommended the re-appointment of Mr. Harsh Mariwala as the Chairman and Managing Director of the Company for another term of 5 (five) years ending on October 31, 2021. The shareholders at the Annual General Meeting held on August 4, 2016 approved the said re-appointment.

DIRECTORS' REPORT (Contd.)

Director Retiring by Rotation

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

Independent Directors

During the year under review, there was no change in the Independent Directors of the Company.

The Company has received declarations from the Independent Directors affirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and declaration under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been received from each Independent Director listing the Companies in which he is a Director/ Member stating his Committee Chairmanships and Memberships.

MEETINGS OF THE BOARD OF DIRECTORS IN THE FINANCIAL YEAR 2016-2017

The Board of Directors of the Company ("the Board'') met 8 times during the year to deliberate on various matters. Details of the meetings held are laid down in the Corporate Governance Report forming part of this Annual Report.

KEY MANAGERIAL PERSONNEL ("KMP's")

During the year under review, Mr. Subramanian S. resigned as Chief Executive Officer - Kaya India and Mr. Rajiv Nair was appointed as the Chief Executive Officer, Kaya India effective from December 16, 2016.

Mr. Dharmendar Jain, Chief Financial Officer of the Company, tendered his resignation on March 6, 2017 and continued his services as Chief Financial Officer of the Company upto April 21, 2017.

The following is the list of Key Managerial Personnel of the Company as on date:

- Mr. Harsh Mariwala is the Chairman and Managing Director;
- Mr. Rajiv Nair is the Chief Executive Officer - Kaya India;
- Ms. Almas Badar is the Company Secretary and Compliance Officer.

POLICY ON NOMINATION AND REMUNERATION

The Nomination and Remuneration Policy ("NR Policy") of the Company, inter alia, covers the following aspects:

1. framework in relation to appointment, removal and remuneration of Directors, and Key Managerial Personnel;
2. evaluation of the performance of Independent Directors and the Board;
3. to preserve Board diversity and assist the Board in ensuring that plan is in place for orderly succession for appointments to the Board;
4. to ensure a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

The Board approved Policy on Nomination and Remuneration is annexed as **Annexure II.**

PERFORMANCE EVALUATION OF DIRECTORS, BOARD AND ITS COMMITTEES

A formal evaluation of the performance of the Board and its Committees and the individual Directors was carried out for the year 2016-17. The details of which have been provided in the Corporate Governance Report forming part of this Annual Report.

DISCLOSURE RELATING TO REMUNERATION

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

DIRECTORS' REPORT (Contd.)

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

COMPOSITION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

RISK MANAGEMENT

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

INTERNAL FINANCIAL CONTROLS

The Company practices adequate internal controls with reference to financial statements which are also monitored by the internal auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews 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.

VIGIL MECHANISM

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

EMPLOYEES' STOCK OPTION SCHEME

During the year under review, the Board of Directors of the Company through a circular resolution passed on June 28, 2016 had approved the introduction and implementation of Kaya Employee Stock Option Plan, 2016 ("Kaya ESOP 2016" or "the Plan") for employees of the Company and its subsidiaries and the same was approved by the shareholders at the Annual General Meeting held on August 4, 2016. Under the plan, Stock Options shall be granted to eligible employees by the Nomination and Remuneration Committee through various Schemes to be notified at a later date 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. Moreover, the 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 to grant 2,53,893 stock options to the eligible employees of the Company and its Subsidiaries.

Previously, Company had formulated and implemented Kaya Limited Employees Stock Option Scheme, 2014 and Kaya Limited Employees Stock Option Scheme, 2014 – KME for grant of options to employees of the Company and its subsidiaries respectively. The Members of the Company at its Extra Ordinary General Meeting held on September 26, 2014 approved the said Schemes. The Company had successfully passed the requisite resolutions to sanction the revision in number of options granted and exercise price due to the merger of Marico Kaya Enterprises Limited with the Company. Vesting Date for the options granted under Kaya Limited Employees Stock Option Scheme, 2014 and Kaya Limited Employees Stock Option Scheme, 2014 – KME was March 31, 2016 and March 31, 2017 respectively.

Additional information on ESOS in terms of section 62(1) (b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and applicable provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 is annexed to this Report as **Annexure IV** and shall be made available on the website of the Company. Link: www.kaya.in

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.

AUDITORS

Statutory Auditors

At the Thirteenth Annual General Meeting of the Company held on August 4, 2016, the shareholders had approved the appointment of M/s. Price Waterhouse, Chartered Accountants as Statutory Auditors of the Company for a period of 1 year to hold office from the conclusion of the Thirteenth Annual General Meeting until the conclusion of the Fourteenth Annual General Meeting.

M/s. Price Waterhouse, Chartered Accountants were appointed as the Statutory Auditors of the Company on April 30, 2007, and their term will expire at the ensuing Annual General Meeting in accordance with Section 139(2) of the Companies Act, 2013. The Board places on record, its appreciation for the contribution of M/s. Price Waterhouse, Chartered Accountants, during their tenure as the Statutory Auditors of the Company.

Consequently, the Board of Directors recommends the appointment of M/s. B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of the Fourteenth Annual General Meeting till the conclusion of Nineteenth Annual General Meeting of the Company, subject to approval of and ratification, as applicable, by the shareholders at Annual General Meeting/s.

Internal Auditors

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

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your company appointed Amita Desai & Co., Practicing Company Secretaries, Mumbai, to conduct the Secretarial Audit of your Company. The Secretarial Audit Report for FY16-17 is enclosed as **Annexure V** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

AUDITORS' REPORT

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

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

Conservation of Energy

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

DIRECTORS' REPORT (Contd.)

Technology Absorption

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

Foreign Exchange Earnings and Outgo

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

Foreign exchange earnings and Outgo	2015 – 2016 (Rs. in Crores)	2016 – 2017 (Rs. in Crores)
1. The Foreign Exchange earned in terms of actual inflows during the year.	2.44	5.17
2. The Foreign Exchange outgo during the year in terms of actual outflows.	15.15	7.74

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of the Section 92 of the Companies Act, 2013 ("the Act") read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return of the Company for the financial year ended March 31, 2017 is given in **Annexure VI** to this report.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. The Board also wishes to place on record its sincere appreciation for the wholehearted support received from shareholders, bankers, 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 3, 2017

Harsh Mariwala

Chairman & Managing Director

ANNEXURE I TO THE DIRECTORS' REPORT

Form AOC -1

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

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

Part - "A": Subsidiaries

(Amount in lacs)

Sr. No.	Name of the Subsidiary	Reporting period	Reporting currency	Exchange rate	Share capital	Reserves & Surplus	Total assets	Total Liabilities	Invetsments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Proposed Dividend	% of shareholding
1	KME Holdings Pte Ltd.	March 31, 2017	SGD	46.16	88.42	-10.70	87.87	10.15	87.80	-	-0.06	-	-0.06	NIL	100%
			INR		4,081.66	-493.91	4,056.08	468.52	4,052.89	-	-2.77	-	-2.77	NIL	
2	Kaya Middle East DMCC	March 31, 2017	AED	17.64	0.50	-10.78	332.89	343.17	266.19	-	-2.43	-	-2.43	NIL	100%
			INR		8.82	-190.16	5,872.18	6,053.52	4,695.59	-	-42.87	-	-42.87	NIL	
3	Kaya Middle East FZE	March 31, 2017	AED	17.64	550.50	-205.22	837.11	491.83	-	1,115.75	96.60	-	96.60	NIL	100%
			INR		9,710.82	-3,620.08	14,766.62	8,675.88	-	19,681.83	1,704.02	-	1,704.02	NIL	
4	IRIS Medical Centre LLC	March 31, 2017	AED	17.64	1.50	18.33	25.69	5.86	-	42.05	4.60	-	4.60	NIL	85%
			INR		26.46	323.34	453.17	103.37	-	741.76	81.14	-	81.14	NIL	
5	Minal Specialised Clinic Dermatology LLC	March 31, 2017	AED	17.64	1.00	10.09	15.28	4.19	-	15.71	3.82	-	3.82	NIL	75%
			INR		17.64	177.99	269.54	73.91	-	277.12	67.38	-	67.38	NIL	
6	Minal Medical Centre LLC	March 31, 2017	AED	17.64	2.00	9.27	17.95	6.68	-	21.16	7.62	-	7.62	NIL	75%
			INR		35.28	163.52	316.64	117.84	-	373.26	134.42	-	134.42	NIL	

Notes:

1. % of Shareholding includes direct and indirect holding through subsidiary.
2. The amounts given in the table above are from the Annual Accounts made for the respective financial year end for each of the Companies.
3. The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies have been based on the exchange rates as on March 31, 2017.

For and on behalf of the Board of Directors

Harsh Mariwala Sd/- Chairman and Managing Director

Nikhil Khattau Sd/- Director and Chairman of the Audit and Risk Management Committee

Almas Badar Sd/- Company Secretary & Compliance Officer

Place : Mumbai

Date : May 3, 2017

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

Part "B" : Associated and Joint Venture

Name of joint Venture		Kaya Al Beda JV
1	**Latest audited Balance Sheet Date**	March 31, 2017 (Audited)
2	**Shares of Associate/ Joint Ventures held by the company on the year end**	
	No.	–
	Amount of Investment in Associates/ Joint Venture	–
	Extend of Holding %	49%
3	**Description of how there is significant influence**	Joint Venture Agreement
4	**Reason why the Associate/ Joint venture is not consolidated**	NA
5	**Networth attributable to Shareholding as per latest audited Balance Sheet (Rs in Lacs)**	(2.73)
6	**Profit / (Loss) for the year**	
	i. Considered in Consolidation (Rs in Lacs)	(104.66)
	ii. Not Considered in Consolidation (Rs in Lacs)	–

Note:

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

For and on behalf of the Board of Directors

Harsh Mariwala Sd/- Chairman and Managing Director

Nikhil Khattau Sd/- Director and Chairman of the Audit and Risk Management Committee

Almas Badar Sd/- Company Secretary & Compliance Officer

Place : Mumbai

Date : May 3, 2017

ANNEXURE II TO THE DIRECTORS' REPORT

NOMINATION & REMUNERATION POLICY

1. Introduction:

1.1. In terms of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement as amended from time to time, this Nomination and Remuneration policy has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

2. Definitions:

2.1. **"Act"** means the Companies Act, 2013 together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force.

2.2. **"Board"** means Board of Directors of the Company.

2.3. **"Committee"** means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

2.4. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

2.5. **"Key Managerial Personnel" ("KMP")** means

- Chief Executive Officer or the Managing Director or the Manager,
- Company Secretary,
- Whole-time Director,
- Chief Financial Officer and
- Such Other Officer as may be prescribed under the applicable statutory provisions/ regulations.

2.6. **"Senior Management"** means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. Membership of the Committee:

3.1. The Committee shall consist of a minimum three non-executive directors, majority of them being independent. The Chairman of the Committee shall be an Independent Director. Membership of the Committee shall be disclosed in the Annual Report.

4. Frequency of the meetings:

4.1. The meetings of the Committee shall be held as may be required.

5. Objective and purpose of the Policy:

5.1. To lay down a framework in relation to appointment, removal and remuneration of Directors, and Key Managerial Personnel.

5.2. To carry out evaluation of the performance of Independent Directors and the Board.

5.3. To ensure the remuneration of the Directors, Key Managerial Personnel and Senior Management meets the appropriate performance benchmarks.

5.4. To attract, retain and motivate talent and to ensure long term sustainability of talented Managerial persons and create competitive advantage.

5.5. To preserve Board diversity and assist the Board in ensuring that plan is in place for orderly succession for appointments to the Board.

5.6. To ensure a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

6. Appointment and Removal of Director, Key Managerial Personnel:

6.1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/ satisfactory for the concerned position.

6.2. Due to reasons for any disqualification as mentioned in the Companies Act, 2013, and rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

7. Evaluation:

7.1. The Committee shall carry out evaluation of performance of every Director and KMP at regular interval.

8. Term / Tenure :

8.1. Managing Director/Whole-time Director:

a. The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time.

b. No re-appointment shall be made earlier than one year before the expiry of term.

8.2. Independent Director:

a. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company.

9. Remuneration of Directors, KMP and Senior Management:

9.1. The Committee shall lay down criteria relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

9.2. The Committee shall determine the remuneration / compensation / profit-linked commission etc. to the Managing Director and Independent Directors and recommended to the Board for approval.

9.3. The remuneration payable to any Director/ Managing Director/or Whole-time Director shall be determined, in accordance with the clauses as laid down in the Articles of Association of the Company, and shall be subject to the prior / post approval of the shareholders of the Company, as required.

9.4. The Non-executive Independent Directors of the Company shall be paid sitting fees in terms of the Companies Act, 2013, and rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force. The quantum of sitting fees will be determined as per the recommendation of the Committee and approved by the Board of Directors of the Company.

10. Disclosure:

10.1. This shall be disclosed in the Annual Report.

11. General:

11.1. The Policy would be subject to revision/amendment in accordance with the applicable laws. The Company reserves the right to alter, modify, add, delete or amend any of the provisions of this Policy.

ANNEXURE III TO THE DIRECTORS' REPORT

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

1. **Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17:**

   No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2017. 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 2016-17 is as follows:**

Name	Designation	Remuneration		Increase/ (Decrease)%
		2016-17	2015-16	
Mr. Subramanian S. (till December 2016)	Chief Executive Officer	33,037,905	10,004,509	230
Mr. Rajiv Nair (from November 2016)	Chief Executive Officer	5,195,159	–	–
Mr. Dharmendar Jain	Chief Financial Officer	28,690,224	95,00,373	202
Ms. Almas Badar	Company Secretary & Compliance Officer	1,701,503	1,959,308	(13)

Note:

a) No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2017. Hence, this disclosure pertaining to increase in remuneration of each Director is not applicable.

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

   i. The intrinsic worth and future potential of the members;

   ii. The extrinsic value of the role and desired market competitiveness determined through market benchmarking studies; and

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

c) Remuneration paid in 2016-17 to outgoing CEO/ CFO includes long term incentives and Perquisites value of ESOP exercised during the year. It also includes amount paid as final settlement to the outgoing CEO.

3. **Percentage increase in the median remuneration of all employees in the financial year 2016-17 is as follows:**

	2016-17	2015-16	Increase/ (Decrease)%
Median Remuneration of all employees per annum	350,189	307,222	13.98

Note:

a) For calculation of median remuneration for the financial year 2016-17, the employee count taken is 518 which comprise of employees who have served for the whole of the financial year.

b) There has been a marginal increase in the median remuneration based on inflationary trends.

4. **Number of permanent employees on the rolls of the Company as on March 31, 2017:**

   925

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

	Increase/(Decrease)%
Average percentage increase in the remuneration of all employees (Other than managerial personnel)	8%
Average percentage increase in the remuneration of managerial personnel	No remuneration was paid to the Directors of the Company for the Financial Year ended March 31, 2016 and March 31, 2017. 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 IV TO THE DIRECTORS' REPORT

Details of the Employees Stock Option Scheme of Kaya Limited

Sr. No	Particulars	Kaya Limited Employees Stock Option Scheme, 2014 (KSI)	Kaya Limited Employees Stock Option Scheme, 2014 (KME)	Kaya Employee Stock Option Plan, 2016 (Scheme - I)
1	Options granted (during FY 2016-17)	None	None	253893
2	Options vested (during FY 2016-17)	None	5450	None
3	Options exercised (during FY 2016-17)	125464	None	None
4	The total number of shares arising as a result of exercising of option (during FY 2016-17)	125464	None	None
5	Options lapsed/ forfeited* (during FY 2016-17)	None	None	109335
6	Pricing Formula/ Exercise Price	Rs. 300 per share	Rs. 300 per share	Rs. 732 per share
7	Variation of terms of options	The Scheme of Arrangement between Marico Kaya Enterprises Limited and Kaya Limited and their respective Shareholders and Creditors was made effective on May 13, 2015. Consequently, there was a change in share capital of the Company. Hence, the Board of Directors vide resolution dated May 14, 2015 and pursuant to Clause 12.2 of this Scheme, revised the number of options granted from 178490 to 128971 and the exercise price from Rs. 217 to Rs. 300.	The Scheme of Arrangement between Marico Kaya Enterprises Limited and Kaya Limited and their respective Shareholders and Creditors was made effective on May 13, 2015. Consequently, there was a change in share capital of the Company. Hence, the Board of Directors vide resolution dated May 14, 2015 and pursuant to Clause 12.2 of this Scheme, revised the number of options granted from 9411 to 6800 and the exercise price from Rs. 217 to Rs. 300.	NA
8	Money realized by exercise of options (during FY 2016-17)	37639200	NA	NA
9	Total number of options in force (as at March 31, 2017)	None	5450	144558
10	Employee wise details of options granted to (during FY 2016-17)			
	i) KMP	NA	NA	Summary^ of options granted to KMP in FY17 under this scheme is as under: - No. of KMPs covered - 2 - CEO and CFO of the Company have been granted ESOP under the Scheme. However, these Options have lapsed.*
	^Only summary is given due to sensitive nature of the information.			

ANNEXURE IV TO THE DIRECTORS' REPORT

Sr. No	Particulars	Kaya Limited Employees Stock Option Scheme, 2014 (KSI)	Kaya Limited Employees Stock Option Scheme, 2014 (KME)	Kaya Employee Stock Option Plan, 2016 (Scheme - I)
	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	There were 8 employees who had received grant of Options amounting to 5% or more under the Scheme.Out of these, 4 employees have left the organization.
	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	(13.69) per share		
12	i) Method of calculating employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting for the options granted under the Scheme.		
	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	Rs 272,815/-		
	iii) The impact of this difference on the profits and on EPS of the Company	Had the Company considered 'fair value' method then the employee compensation cost would be higher by Rs. 2,72,815/-. The Loss Before Tax would be higher by the same amount and Earning Per Share by Re.(0.02).		
13	Weighted average exercise price and weighted average fair values of options	Exercise Price is Rs. 300. Fair Value of Option is Rs. 116.04.	Exercise Price is Rs. 300. Fair Value of Option is Rs. 116.04.	Exercise Price is Rs. 732. Fair Value of Option is Rs. 244.63.
14	Description of method and significant assumptions used during the year to estimate the fair values of options:	Intrinsic Value Method		
	i) Risk-free interest rate (%)	8.47%		7.13%
	ii) Expected life of options (years)	1.98		1.5 to 3.5
	iii) Expected volatility (%)	65.00%		40.00%
	iv) Dividend yield	0.00%		0.00%
Options have been lapsed as the grantees left the organisation.				

ANNEXURE V TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017.

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

To,

The Members

Kaya Limited

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and as per the explanations given to us and the representations made by the Management of the Company, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records made available to us during our audit, which is maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of the following laws:

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

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

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

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

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

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

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f. 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;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

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

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

   b. The Legal Metrology Act, 2009; and

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

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India (SS 1 (Board Meetings) and SS 2 (General Meetings))

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

   During the period under review and as per the explanation and clarification given to us and the representations made by the management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. as mentioned 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. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

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

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

We further report that based on review of compliance mechanism established by the Company and on the basis of Compliance Certificate issued by the 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, the Company has responded to notice for demands, claims, penalties etc levied by the various statutory / regulatory authorities and initiated actions for corrective measures, wherever necessary.

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

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

Place : Mumbai
Date : May 3, 2017

Amita Desai
Proprietor
FCS 4180 CP 2339

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

ANNEXURE V TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

Form No. MR-3

ANNEXURE – A

To

The Members

Kaya Limited

23/C, Mahal Industrial Estate, Mahakali Caves Road,
Near Paperbox Lane, Andheri (East)
Mumbai - 400 093

Our Secretarial Audit Report for the financial year ended March 31, 2017 of even date is to be read along with this letter.

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

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

Place : Mumbai
Date : May 3, 2017

Amita Desai
Proprietor
FCS 4180 CP 2339

ANNEXURE VI TO THE DIRECTORS' REPORT

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

CIN	L85190MH2003PLC139763
Registration Date	March 27, 2003
Name of the Company	Kaya Limited
Category/Sub-category of the Company	Category: Company limited by shares Sub-Category: Non - government Company.
Address of the Registered office & contact details	23/C, Mahal Industrial Estate, Mahakali Caves Road, Near Paperbox Lane, Andheri (East), Mumbai – 400 093.
Whether listed company	Yes
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

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 and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Medical practice activities – To carry on the business of providing Health Care Aesthetics, Beauty & Personal Care products and services in India and abroad including but not limited to medical services through advanced equipment such as surgical lasers, skin treatment appliances, equipment and appliances for treatment of acne, etc.	86201	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-

Sr. No.	Name and 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	Al Beda	NA	Joint Venture	49	2(6)
6	Minal Medical Centre LLC	NA	Subsidiary	75	2(87)
7	Minal Specialized Clinic Dermatology LLC	NA	Subsidiary	75	2(87)

ANNEXURE VI TO THE DIRECTORS' REPORT

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

i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	**Promoters**									
(1)	**Indian**									
a)	Individual/HUF	7634484	–	7634484	59.20	7634484	–	7634484	58.63	-0.57
b)	Central Govt.	–	–	–	–	–	–	–	–	–
c)	State Govt(s).	–	–	–	–	–	–	–	–	–
d)	Bodies Corp.	176440	–	176440	1.37	176440	–	176440	1.35	-0.01
e)	Bank/ FI	–	–	–	–	–	–	–	–	–
f)	Any other	–	–	–	–	–	–	–	–	–
	SUB TOTAL - (A) (1)	**7810924**	–	**7810924**	**60.56**	**7810924**	**–**	**7810924**	**59.98**	**-0.58**
(2)	**Foreign**									
a)	NRI - Individuals	18000	–	18000	0.14	18000	–	18000	0.14	–
b)	Other - Individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corp.	–	–	–	–	–	–	–	–	–
d)	Banks/FI	–	–	–	–	–	–	–	–	–
e)	Any other	–	–	–	–	–	–	–	–	–
	SUB TOTAL - (A) (2)	**18000**	–	**18000**	**0.14**	**18000**	–	**18000**	**0.14**	–
	Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**7828924**	**–**	**7828924**	**60.70**	**7828924**	**–**	**7828924**	**60.12**	**-0.58**
B.	**PUBLIC SHAREHOLDING**									
(1)	**Institutions**									
a)	Mutual Funds	683733	–	683733	5.30	810727	–	810727	6.23	0.92
b)	Banks/FI	21158	–	21158	0.16	5423	–	5423	0.04	-0.12
c)	Central Govt.	–	–	–	–	–	–	–	–	–
d)	State Govt(s).	–	–	–	–	–	–	–	–	–
e)	Venture Capital Fund	–	–	–	–	–	–	–	–	–
f)	Insurance Companies	106643	–	106643	0.83	96040	–	96040	0.74	-0.09
g)	FIIs	499200	100	499300	3.87	399626	100	399726	3.07	-0.80
h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i)	Others (specify):									
1	Clearing Members	111614	–	111614	0.87	158379	–	158379	1.22	0.35
2	Trusts	1681	–	1681	0.01	1700	–	1700	0.01	–
3	Foreign Investor Corporate	16200	–	16200	0.13	37151	–	37151	0.29	0.16
4	Hindu Undivided Family (HUF)	118121	–	118121	0.92	123237	–	123237	0.95	0.03
	SUB TOTAL (B)(1):	**1558350**	**100**	**1558450**	**12.08**	**1632283**	**100**	**1632383**	**12.54**	**0.45**
(2)	**Non Institutions**									
a)	Bodies Corp.									
i)	Indian	963069	760	963829	7.47	863964	760	864724	6.64	-0.83
ii)	Overseas	–	–	–	–	–	–	–	–	–
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakhs	1998915	14858	2013773	15.61	2103376	13850	2117226	16.26	0.64
ii)	Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	532124	–	532124	4.13	579307	–	579307	4.45	0.32
	SUB TOTAL (B)(2):	**3494108**	**15618**	**3509726**	**27.21**	**3546647**	**14610**	**3561257**	**27.35**	**0.13**
	Total Public Shareholding (B)= (B)(1) + (B)(2)	**5052458**	**15718**	**5068176**	**39.30**	**5178930**	**14710**	**5193640**	**39.88**	**0.58**
C.	**Shares held by Custodian for GDRs & ADRs**	–	–	–	–	–	–	–	–	–
	Grand Total (A+B+C)	**12881382**	**15718**	**12897100**	**100.00**	**13007854**	**14710**	**13022564**	**100.00**	**–**

ANNEXURE VI TO THE DIRECTORS' REPORT

(ii) Shareholding 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	Harshraj C Mariwala (HUF)	122400	0.95	–	122400	0.94	–
2	Pallavi Jaikishan Panchal	18320	0.14	–	18320	0.14	–
3	Preeti Gautam Shah	18000	0.14	–	18000	0.14	–
4	Hema K Mariwala	29952	0.23	–	29952	0.23	–
5	Kishore V Mariwala	33673	0.26	–	53369	0.41	–
6	Hema K Mariwala	48370	0.38	–	48370	0.37	–
7	Rajen K Mariwala	52179	0.40	–	52179	0.40	–
8	Ravindra Kishore Mariwala	18982	0.15	–	18982	0.15	–
9	Rajvi H Mariwala	262000	2.03	–	262000	2.01	–
10	Rishabh H Mariwala	262000	2.03	–	262000	2.01	–
11	Harsh C Mariwala with Kishore V Mariwala for Acquarius Family Trust	1467520	11.38	–	1467520	11.27	–
12	Harsh C Mariwala with Kishore V Mariwala for Gemini Family Trust	1467520	11.38	–	1467520	11.27	–
13	Harsh C Mariwala with Kishore V Mariwala for Taurus Family Trust	1467520	11.38	–	1467520	11.27	–
14	Harsh C Mariwala with Kishore V Mariwala for Valentine Family Trust	1467520	11.38	–	1467520	11.27	–
15	Anjali R Mariwala	74182	0.58	–	74182	0.57	–
16	Rajen K Mariwala	67364	0.52	–	67364	0.52	–
17	Arctic Investment And Trading Company Private Limited	175700	1.36	–	0	0.00	–
18	Malika Chirayu Amin	18000	0.14	–	18000	0.14	–
19	Paula R Mariwala	74182	0.58	–	74182	0.57	–
20	Ravindra.K.Mariwala	131864	1.02	–	131864	1.01	–
21	Harsh C Mariwala	285092	2.21	–	285092	2.19	–
22	Archana H Mariwala	246000	1.91	–	246000	1.89	–
23	Kishore V Mariwala for KVM Anandita Trust	37	–	–	37	–	–
24	Kishore V Mariwala for KVM Arnav Trust	37	–	–	37	–	–
25	Kishore V Mariwala for KVM Vibhav Trust	37	–	–	37	–	–
26	Kishore V Mariwala for KVM Taarika Trust	37	–	–	37	–	–
27	Kishore V Mariwala	19696	–	–	0	–	–
28	The Bombay Oil Private Limited	740	0.01	–	176440	1.35	–
	Total	**7828924**	**60.70**	**–**	**7828924**	**60.12**	**–**

(iii) Change In Promoters' Shareholding (Specify if there Is no Change)

Sr. No.	Name	Share holding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year
		No. of Shares	% of total shares of the company				No. of Shares
1	Arctic Investment And Trading Company Private Limited	175700	1.36	24-Mar-17	-175700	Inter-se tranfer	0
2	The Bombay Oil Private Limited	740	0.01	24-Mar-17	175700	Inter-se tranfer	176440

ANNEXURE VI TO THE DIRECTORS' REPORT

(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		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year
		No. of shares	% of total shares of the company				No. of Shares
1	Reliance Capital Trustee Co. Ltd.	428744	3.29	During the financial year	149564	Purchase	578308
					–	Sale	578308
2	DSP Blackrock Small and Mid Cap Fund	168945	1.30	During the financial year	–	Purchase	168945
					570	Sale	168375
3	Hasham Investment and Trading Company Private Limited	160926	1.24	During the financial year	140876	Purchase	301802
					301802	Sale	–
4	Baring India Private Equity Fund III Listed Investments Limited	147058	1.13	During the financial year	–	No change during the year	147058
5	M/S Napean Trading and Investment Co. Private Limited	137436	1.06	During the financial year	–	Purchase	137436
					137436	Sale	–
6	Kamal Shyamsunder Kabra	133007	1.02	During the financial year	–	Purchase	133007
					133007	Sale	–
7	Acira Consultancy Private Limited	120000	0.92	During the financial year	87536	Purchase	207536
					207536	Sale	–
8	Premier Investment Fund Limited	95200	0.73	During the financial year	–	Purchase	95200
					200	Sale	95000
9	Mechventure Consultants & Advisors Private Limited	79539	0.61	During the financial year	1374	Purchase	80913
					34589	Sale	46324
10	Prazim Trading and Investment Co. Pvt. Ltd.	–	–	During the financial year	343095	Purchase	343095
					–	Sale	343095
11	Tarish Investment and Trading Co. Pvt. Ltd.	–	–	During the financial year	137436	Purchase	137436
					–	Sale	137436
12	IIFL Best of Class Fund 1 - Class 2	64044	0.49	During the financial year	–	No change during the year	64044
13	Azim Premji Trust	–	–	During the financial year	63490	Purchase	63490
					–	Sale	63490
14	Life Insurance Corporation of India	78509	0.60	During the financial year	–	No change during the year	78509
15	Finquest Securities Pvt. Ltd.	35322	0.27	During the financial year	212940	Purchase	248262
					141836	Sale	106426

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

ANNEXURE VI TO THE DIRECTORS' REPORT

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name	Share holding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative shareholding during the year
		No. of shares	% of total shares of the company				No. of Shares
				Directors			
1	Harsh Mariwala – Chairman & Managing Director	285092	2.21	1-Apr-16	–	No change during the year	285092
		285092	2.19	31-Mar-17	–		285092
2	Rajen Mariwala – Non-Executive Director	119543	0.93	1-Apr-16	–	No change during the year	119543
		119543	0.92	31-Mar-17	–		119543
3	Ameera Shah – Independent Director	1182	0.01	1-Apr-16			1182
				10-Oct-16	1738	Purchase	2920
		2920	0.02	31-Mar-17			2920
4	B. S. Nagesh – Independent Director	4500	0.03	1-Apr-16	–	No change during the year	4500
		4500	0.03	31-Mar-17	–		4500
5	Nikhil Khattau – Independent Director	–	–	1-Apr-16	–	No change during the year	–
				31-Mar-17	–		
6	Irfan Mustafa – Independent Director	–	–	1-Apr-16	–	No change during the year	–
				31-Mar-17	–		
				Key Managerial Personnel			
1	S. Subramanian – Chief Executive Officer*	4000	0.03	1-Apr-16			4000
				20-Jul-16	8000	ESOP	12000
				10-Oct-16	23695	ESOP	35695
				14-Dec-16	3674	ESOP	39369
		39369	0.30	15-Dec-16			39369
2	Rajiv Nair – Chief Executive Officer*	–	–	16-Dec-16	–	No change during the year	–
				31-Mar-17	–		
Mr. S. Subramanian resigned as the Chief Executive Officer - Kaya India, effective from December 15, 2016 and Mr. Rajiv Nair was subsequently appointed from December 16, 2016							
3	Dharmendar Jain – Chief Financial Officer	–	–	1-Apr-16			–
				4-Jul-16	15000	ESOP	15000
				6-Jun-17	164	Sale	14836
				14-Mar-17	2000	Sale	12836
				17-Mar-17	14127	ESOP	26963
		26963	0.21	31-Mar-17			26963
4	Almas Badar – Company Secretary & Compliance Officer	1	0.00	1-Apr-16	–	No change during the year	1
		1	0.00	31-Mar-17	–		1

ANNEXURE VI TO THE DIRECTORS' REPORT

V. INDEBTEDNESS

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

Indebtness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount				
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	–	–	–	–
Change in Indebtedness during the financial year*				
Additions	–	–	–	–
Reduction	**–**	**–**	**–**	**–**
Net Change	–	–	–	–
Indebtedness at the end of the financial year				
i) Principal Amount	5,895,498.00	–	–	5,895,498.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**5,895,498.00**	**–**	**–**	**5,895,498.00**

*Change in Indebtness during the financial year is not mentioned in the above table due to multiplicity of transactions in cash credit facility during the financial year.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

No remuneration was paid to the Managing Director, Whole-time Directors and/ or Manager for the Financial Year 2016-17

B. Remuneration to Other Directors:

No remuneration was paid to other Directors for the Financial Year 2016-17.

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

Sr. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO (Rajiv Nair)	CEO (Subramanian S.)	Company Secretary (Almas Badar)	CFO (Dharmendar Jain)	Total
1	**Gross salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	5195159	8909490	1701503	9006137	24812289
2	Stock Option	–	18128415	–	14434087	32562502
3	Sweat Equity	–	–	–	–	–
4	Commission – as % of profit – others, specify...	–	–	–	–	–
5	Others, please specify - Long term incentive	–	6000000	–	5250000	11250000
	Total	**5195159**	**33037905**	**1701503**	**28690224**	**68624791**

Notes:

1. Mr. Rajiv Nair was appointed as the CEO - Kaya India, effective from December 16, 2016. However, he joined Kaya from November, 2016. Hence, remuneration paid to him from date of his joining is disclosed in the above table.
2. Mr. Subramanian S. resigned as the CEO - Kaya India, effective from December 15, 2016. Hence, the disclosure above includes long term incentives and Perquisites value of ESOP exercised during the year and also includes amount paid as final settlement to the outgoing CEO.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

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

INDIA

Economic Overview:

The financial year 2016-17 has been a mixture of excitement and challenges for global as well as Indian economy. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). As per the Economic Survey 2016-17, the Indian economy should grow between 6.75 and 7.5 per cent in FY 2017-18. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices.

India's consumer confidence index stood at 136 in the fourth quarter of 2016-17, topping the global list of countries on the same parameter, as a result of strong consumer sentiment, according to market research agency, Nielsen. Capital investments still remain stagnant with an overhang of spare capacity in many industries and corporate balance sheets still remain stretched hindering their ability to invest on any future uptick in demand. The Indian rupee stayed relatively stable this year, trading in a range of 66-67 to USD for most part of the year before seeing a sharp appreciation during the close of the financial year.

It was also encouraging to see the Government move ahead on clearing the legislative hurdles for the implementation of the Goods and Services Tax (GST), touted as the biggest tax reform for the country. All indications now suggest that GST should get implemented in the second quarter of the financial year. Although uncertainties remain around the design as well as readiness of the entire economy to implement this structural change, GST is poised to provide a fillip to India's economic growth as it will create a single national market and enhance the efficiency of inter-state movement of goods and services apart from moving a large part of the informal sector within the formal set-up of the economy.

Industry Overview:

Beauty and personal care products managed to register current value growth in 2016-17, which was despite a challenging environment and the demonetisation measure taken by the government. Product innovations, continued demand for naturally positioned products, premiumisation and consumer willingness to experiment with new products helped drive value growth during the year. Notwithstanding, current value growth of beauty and personal care in 2016-17 was noticeably slower than growth registered over the previous period, which was attributable to a more-challenging economic environment and demonetisation.

Skin care continued to register double-digit current value growth in 2016-17, on the back of an increasing emphasis on looks and appearance from urban Indian consumers. Rising consumer image consciousness is boosting demand for skin care products among those who want to look their best at all times. Current value growth of 10% registered by skin care products in 2016-17 was lower than growth at a current CAGR of 15% registered over previous period. The performance of skin care in 2016-17 was also impacted by the demonetisation measure taken by the government in the second half of the year, which led to a cash crunch and consumers holding on to disposable incomes during this period.

Hair care products continued to register strong growth in India in 2016-17. Hair care posted current value growth of 8% in 2016-2017. An increasing focus on beauty and looks by urban Indian consumers propelled growth and increase in localized presence of hair care service provider drove the hair care business. Salon hair care registered the next fastest current value growth of 15% within hair care in 2016-17. There are large numbers of local and branded salons present in India that offer affordable services to consumers. As a result, consumers prefer to visit salons for routine tasks such as waxing, facial and hair colouring. The large presence of these local salons presented a big opportunity to branded salon hair care brands over the review period, as these outlets offered a strong distribution network for them. Consumers often shop for salon hair care products and services from these local and branded salons that they can use at home, as they perceive these products/services to be specialised and addressing their specific concerns.

Key Trends:

- Indian consumers are increasingly showing interest in dermocosmetic/pharma brands for skin care-related issues, as they perceive these brands to be specialists in their areas of expertise, and also perceive these to provide a long-lasting solution to their skin issues instead of a quick fix
- Demand for anti-ageing products was on the rise in India over the period, mainly due to growing awareness of these products among Indian consumers .The leading brands of anti-agers focused on providing additional benefits such as sun care, rejuvenation, foundation and whitening, among others, along with their core anti-ageing properties during 2016-17
- Facial care continued to register a strong performance in 2016-17. Facial care brands focused on providing additional benefits such as skin protection, anti-ageing, anti-acne and make-up benefits
- Increased exposure to international beauty and grooming trends is also resulting in more awareness of the benefits of different skin care products. Consumers are showing a willingness to spend on beauty products that they perceive to be of value and that enhance their looks and appearance
- Premium brands are also expected to focus on online retailing channels, as Indian consumers are maturing in terms of using online shopping and have displayed a willingness to purchase premium brands through this channel
- Urban consumers with hectic lifestyles and increasing income levels are on the lookout for professional products that are easy and convenient to use. Salon hair care products offer these benefits to consumers, which resulted in their increasing popularity
- Consumers perceive premium brands to be of a better quality compared to mass brands and also perceive these products to have premium ingredients

MIDDLE EAST

Economic Overview:

Being highly oil dependent economies, GCC countries have been deeply affected by the recent oil price drop, causing macro-economic instability in the region. The oil price drop has largely impacted GCC public finances, mostly generated by the oil sector, and has hampered Foreign Direct Investment (FDI).

GDP growth in GCC countries is forecasted at +2.3% in 2017, far from the growth experienced in the past. Growth will be influenced by oil price, which is expected to be around 50 USD/ barrel in 2017. Some key factors impacting oil price evolution include: 1) Oil production has heavily increased thanks to fracking in the US. However, Iran's faster than expected production increases and irregular production in countries affected by ongoing conflicts, are creating uncertainty around future production levels. 2) Stock - Since 2014, the stock of oil in OECD countries has increased heavily, and storage capacity is expected to keep growing. 3) Investments in the oil industry - Oil production is a capital-intensive industry. Since 2009 oil companies are being forced to slash capital expenditures amid a prolonged price drop and focus on high return projects for capital re-investment. 4) Oil consumption - Brexit and the Chinese economy slowdown are key factors driving uncertainty on the evolution of oil demand and, consequently, of oil price. 5) Federal reserve impact - An increase in interest rates would make USD more attractive as an investment.

Each GCC country is facing specific discontinuities and has a plan of their own:

KSA is financially strong, but over dependent on oil and affected by demographic pressures. It has recently announced an ambitious National Transformation Plan, which aims to introduce structural measures, such as improvements in public sector efficiency, privatization, further subsidy reforms and revenue diversification initiatives.

UAE has already started a diversification plan and is growing at a stable pace. However, Government economic issues, mainly related to lower-than-expected performance from state-owned companies, and forthcoming debt maturity could impact GRE's debt levels and the overall banking system, leading to significant fiscal and financial risks.

Qatar is implementing a large public investment program aimed at diversification, but this may imply potential risks of economy overheating, causing cost overruns and inflation due to large infrastructure spending, and an economy slowdown once the public investments taper off.

Oman is currently undergoing an austerity plan, introducing constraints on required actions (e.g., fiscal adjustments), and key challenges related to banking liquidity, business environment improvement, economic growth and diversification.

Kuwait has designed a new 4-year program with investment plans to reduce dependence on oil and boost private sector participation, prioritizing capital expenditure, encouraging private investments and creating jobs for nationals in the private sector. Additionally, the country needs to contain banks' exposure to the Real Estate and stock markets.

Industry Overview:

In spite of the oil crisis, the business of beauty is surging ahead in the Gulf Cooperation Council (GCC), with increased spending on beauty and personal care products across the region. According to the latest figures by analysts Euromonitor International (EMI), the retail value of the GCC's beauty and personal care market was US$9.3 billion in 2016, an increase of 10 per cent over 2015. Strong growth is expected over the next four years, as consumers look to collectively spend US$13.6 billion on their personal well-being in 2020, defying any notion of a market readjustment. The figures include bath and shower products, colour cosmetics, fragrances, hair care, men's grooming, skin care, and sun care, while regional growth is driven by a young and affluent population that has high awareness of fashion and beauty, boosted by media exposure. That is evident in the UAE, where consumers spent US$2.1 billion on beauty and personal care in 2016 according to EMI, with this set to rise to US$2.7 billion by 2020.

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

As per Euromonitor, UAE skin care products market is estimated around $150mn and KSA skin care products market is estimated around $600mn. These are expected to grow at 5% CAGR in the next few years.

The current addressable market size in UAE for the category amounts to almost $1bn coming from around 1.25mn customers. The current addressable market size in KSA for the category amounts to almost $2.9bn coming from around 3.9mn customers. This leaves a huge potential to grow for players like us.

KAYA'S GROWTH DRIVERS:

- **Growth of disposable incomes**
    - o Consumers today do not hesitate to spend on their looks as it makes them feel more confident about themselves and there is an increasing desire to present them in a certain way. The share of Top Income people in the total household (as per McKinsey & Company, April 2010) is expected to increase from 6mn in 2008 to 25mn in 2020 and 77 mn in 2030. This would result in a 4x increase in household in 2020 and 13x increase in household by 2030

- **Increasing awareness and acceptance of beauty and wellness services, especially among women**
  - o Rising social image consciousness: Indian consumers are increasingly focusing on improving their appearance. Inspired by movies and TV soap operas, women are seeking to become fairer, younger and slimmer while men want to appear fitter and more muscular
  - o Increase in working women: Women make up about 30% of India's 400m workforce and ~20m of them are in urban pockets. The company expects ~1.05bn women in the working age bracket by 2020 to fuel growth for the sector
  - o Growth of affluent + elite: It expects a 1.2m p.a. increase in affluent women and more than 2m p.a. increase in the elite group to aid the segment. The company estimates the combined segment to rise from ~6% of the population share to ~13% by 2020. This would lead to an increase in their share of consumption of beauty and wellness services from ~24% now to ~39% by 2020
  - o Younger population: India has a relatively young population, with two-thirds of the population aged below 35 with a median age of 26 years. The company believes this age group offers better growth, being more aspirational, better connected, more technology-savvy, more self-conscious and spending power
- **Increase of demand in Men grooming segment**
  - o Indian men have become increasingly conscious of their appearance and the growing demand for new men's grooming products is expected to drive overall industry growth over forecast period. Although traditionally women have been the primary driver of demand, beauty services are no longer targeted strictly to women and there has been increased demand from male consumers as well, seeking personalized services such as men's facial, chest hair removal etc.
- **Better accessibility in terms of stores and ecommerce**
  - o E-commerce in India registered the strongest growth in sales. Indian e-commerce is expected to grow tremendously in next five years on account of technology development and digital innovation. One of such digital innovation E - Consultation, which good popentioally have a positive impact on our business. The growth in E- Commerce will positively impact the sale of beauty and personal care products online. Popular E-commerce platforms in India are Purple.com, nykaa.com, Amazon.com, Myntra.com, Jabong.com.
- **Introduction of better technology and preference for organized players**
  - o There is a significant improvement in the research & technology to address the problems the consumer faces with respect to beauty. Non-surgical methods has witnessed strong growth and increased preference amongst the consumers. Products like Anti-ageing solutions have gained lot of acceptance in the recent times. Increased preference for branded professional beauty care providers who provide consistent consumer experience is boosting the organised segment. Branding is key to have loyal customer base that are attracted by strong R&D & safety standards of organized and branded players. High level of research & technology in the field of beauty treatments has created a trust amongst the consumers and increased the awareness for these products.
  - o According to Industry Experts, the market size of India's beauty, cosmetics and grooming market will touch \$20 billion by 2025 from the current level of \$6.5 billion. Over the last five years, cosmetics products have seen a growth of 60 percent. The Indian Cosmetic market which traditionally had a stronghold of a few major Indian players like Lakme and Ponds has seen a lot of foreign entrants to the market like Revlon, The L' Oreal Group, MAC Cosmetics, Chambor and so on.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

BUSINESS OVERVIEW:

India

A pioneer in skin care dermatology space, Kaya's strength is that it offers a customized skin care solutions which is delivered through Expert Dermatologists, with the application of state-of-art medical technology. The company has been consistently investing in new and advanced technologies in the skincare business, to bring cutting-edge services and products to discerning Indian consumers. Our prime objective is to become the leading player in the specialty skin care market in India and Middle East.

In the recent years, the brand has strengthened its key offerings by innovating in services across categories like Hair Care, Pigmentation, Laser Hair Removal, Advanced Anti-aging and building these categories by consistent consumer awareness program. Hair Care and Product will continue to be key focus areas for Kaya. Kaya has also launched Hair Transplant solutions in last quarter of FY 2016-17. In the coming year Kaya plans to strengthen its Product portfolio by launching series of products at various assortment levels and also has plans to enter the new categories like hair solutions with bouquet of services and products providing the consumers the wholistic solution based treatments

Kaya is also constantly increasing its presence in E commerce space through its own website as well as channel partners. Currently 16% of Kaya India product sales is through E commerce route.

Key drivers of business going forward are:

- Focus on Anti-Ageing, Hair Care & Products
- Focus on solution based approach
- Sustained SSG & expansion - drive growth & operating leverage
    - o Through growth in existing clinics – Better value proposition led by innovations and improved experience
    - o Through expansion in existing geographies
- Upgrading in-clinic experience by undertaking modernization of key clinics
- Innovation in existing services
- Increased focus on products through Clinics, touch points across Shop in Shop, Modern Trade and E commerce
- Enhancing its footprints in Hair Care service by leveraging its current business model

Middle East

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

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

Over time, our competition is increasing its focus on spread of services, with Botox, Fillers and peels growing rapidly in contributions, and thus reducing the share of Laser Hair Removal in the business. Laser Hair Removal is a highly penetrated category now (our internal estimates suggest anywhere from 60% to 70% penetration), which is leading to intense price competition in the market, bringing down price tables given negligible consumables cost in the service. In Saudi Arabia, which is the most competitive market for us, the price of a full body laser session operates almost half of what it is in UAE.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Kaya Skin Clinic, Middle East – The Brand

Kaya has the largest network across Middle East region with ~23 clinics in 4 countries (UAE, Kingdom of Saudi Arabia, Oman and Kuwait) and being the only large international player, is well positioned for future expansion in the region. Kaya is the only brand in the category to receive a SUPERBRAND status, and that too 8 years in a row, from 2010 to 2017.

Over the last 14 years of our existence in this market, through good servicing of our clients, we are proudly the No1 Brand in our markets, with an awareness of almost 90% without our target segment, and a TOM of around 25%. This status has been reaffirmed by a number of coveted external recognitions too.

This has been possible due to various reasons. Our differentiated strategy and value proposition, our high focus on customer quality, our thought leadership in marketing, differentiated employee culture, and a very professional organization support structure and processes.

INTERNAL CONTROLS

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

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

HUMAN RESOURCES

Kaya, along with its subsidiaries, has total workforce strength of over 1200 employees across 102 clinics and over 123 skin bars in India and over 23 clinics in the middle-east. The company is also associated with over 180+ Dermatologists across the chain in India and Middle East.

The people policy has ensured to drive human capital effectiveness and setting new benchmarks to inspire. Our company prides itself for its culture of care, concern, customer-centricity and transparency. The organization ensures regular interventions to communicate and align members to organizational thrust areas. This ensures that the entire organization is geared up towards a collaborated performance delivery.

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

Kaya is certified as Great Place to Work for by Great Place to Work® Institute for FY 17.

PERFORMANCE OVERVIEW

Kaya is engaged in the business of providing skincare solutions through Kaya skin clinics in India and Middle East. The company is focused on building a profitable business that not only provides great value to its customers but also to its shareholders. The company has undertaken numerous initiatives to boost overall growth. In FY 17 Kaya achieved a gross retail turnover of Rs. 410.4 crores, growth of 11% on consolidated basis.

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

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Operational Metrics

Particulars	Kaya India			Kaya Middle East		
	FY 16	FY 17	Gr%	FY 16	FY 17	Gr%
Category Mix (%)						
Cure	66%	67%	6%	82%	79%	7%
Care	13%	12%	11%	8%	9%	36%
Products	22%	21%	10%	11%	11%	13%
Operational Metrics						
Customer Count	246729	236856	-4%	67708	69898	3%
Ticket Size (INR / USD*)	8831	9868	12%	403*	463*	13%

(Source: Company's information system)

Kaya India : Cure Portfolio comprising of Anti-Ageing, Hair free, Acne and Pigmentation contributes to 67% of the business in India and has grown by 6% during the year and Care Portfolio with the launch of new category of facials and hair transplants has seen boost in the Topline with growth of 11% . Products category in the clinics has grown by 10% during the year contributing 21% of overall business. Company has entered the market in various formats like Company operated standalone stores / Kiosks, Shop in shops and Modern Trade through high end wellness chains. Company has overall 123 location in various formats (CoCo, Shop in Shop & Modern Trade) as on 31st March 2017 and has also increased its presence in E commerce space which contributes to 10% of overall product sales. The company has rationalised the COCO stores of product to only 2 by the end of Q4 to focus primarily on product sales in Clinics, Shop in Shops and Modern Trade.

Kaya Middle East : Cure Portfolio comprising of Anti ageing, Hair free, Acne and Pigmentation contributes to 79% of the business and has grown by 7% during the year whereas Products grew by 13% in FY 17, driven by launch of new ranges in Middle East. Care portfolio comprising of beauty facials have grown by 36%.

Consolidated Financial Summary

Balance Sheet

Rs Crores

Particulars	Kaya Group	
	Mar-17	Mar-16
EQUITY AND LIABILITIES		
Share capital	13.02	12.90
Reserves and surplus	237.53	238.40
Minority Interest	1.51	0.47
Long-term provisions	18.95	–
Long-term provisions & Liabilities	11.96	12.57
Total	**282.98**	**264.35**
ASSETS		
Fixed assets	90.91	81.67
Non - Current Investment (Kuwait JV)	–	–
Goodwill on consolidation	105.07	70.06
Long-term loans and advances	22.91	24.20
Current Investments /Deposits	113.78	148.47
Net Working Capital	(49.69)	(60.05)
Total	**282.98**	**264.35**

Note: Kaya Group consolidated Balance sheet as on March 31st 2017 presented above is post taking the effect of Merger of Marico Kaya Enterprises (MaKE) Limited with Kaya Limited

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Profit and Loss Statement

Particulars (INR Mn)	Kaya India		Kaya Middle East		Kaya Group	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Collection	2337	2179	2015	1728	4353	3907
Net Revenue	1932	1844	2170	1855	4102	3699
EBIDTA	-166	-102	261	243	94	141
% to NR	*-9%*	*-6%*	*12%*	*13%*	*2%*	*4%*
Operating Margin	-273	-199	170	180	-105	-23
% to NR	*-14%*	*-11%*	*8%*	*10%*	*-3%*	*-1%*
PAT before Exception	-178	-86	167	163	-11	77
% to NR	*-9%*	*-5%*	*8%*	*9%*	*0%*	*2%*
Exceptional Items/Consol adj	0	0	2	13	2	13
PAT post Exception	-178	-86	169	176	-8	89
% to NR	*-9%*	*-5%*	*8%*	*9%*	*0%*	*2%*

(Exchange Rate: FY 17 - 1 AED = Rs. 18.19; FY 15 – 1 AED = Rs. 17.815)

Note: Merger/ Consol Adjustments in FY 16 represents revaluation of ESOP on account of change in Capital of Kaya Limited pursuant to scheme of amalgamation in addition to impact on account of consolidation of Kaya group financials as in FY 17.

Revenues:

Net Revenue in FY 17 at Rs 410.2 crores, registered a growth of 11% (SSG: 7%) over FY 16. India business grew by 5% (SSG: 2%) and Middle East by 17% (SSG: 11%).

During FY 2017, 102 clinics and 123 touch points (comprising of COCO, MT & SIS) were in operation in India. Kaya has added 2 clinics in Middle East and in total 23 clinics were in operation in Middle East.

Cost of Goods Sold (COGS):

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

COGS on consolidated basis grew by 13% over FY 16. The absolute cost has increased to Rs 82.8 crores (20% of Net Revenue) in FY 17 as against Rs 72.9 crores (20% of Net Revenue) in FY 16 on account of shift in category mix.

Kaya India's COGS has increased by 16% on account of consumption to 27% of NR as against 24% LY. Kaya Middle east's COGS has seen an improvement of around 1% basis points at 14% of Net Revenue in FY 17 as compared to 15% in FY 16.

Employee Cost:

Employee cost includes cost of employee at the clinic servicing the customers as well as staff at the corporate office. This cost at Group level at Rs 147.29 crores (36% of Net revenue) has increased by 16% as compared to Rs 126.76 crores (34% of Net Revenue) in the FY 16. This increase was a result of annual compensation increases for our employees as well as for dermats and addition of new stores Middle East. Kaya India's Employee costs at Rs 53.28 crores have increased by 8% on account of annual compensation revision & addition of retail format Kaya Skin Bar stores. Kaya Middle east's Employee costs at Rs 94 crores has increased by 22% as compared to FY 16.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Rentals:

Rental costs at consolidate levels Rs 51.9 crores (13% of Net Revenue) has increased by 10% as compared to Rs 47.3 crores (13% of Net Revenue) in FY 16.

Kaya India rental costs increased by 1% to Rs 33.7 crores (17% of Net Revenue). The growth in rent was low on account of closure of clinics and COCO stores during the year.

Kaya Middle east rental costs at Rs 18.2 crores (8% of Net Revenue) has seen an increase of 31% majorly on account of Expansions and renewals of existing clinics.

Advertisement Sales and Promotion:

Cost of advertisement at Group level has grown by 10% to Rs 28.5 crores (7% of Net Revenue) in FY 17 as compared to Rs 26.0 crores (7% of Net Revenue) in FY 16.

Kaya India advertisement costs at Rs 16.8 crores (9% of Net Revenue) has grown by 10% in FY 17 on account of launch of new line of services and products being added during the year. Kaya Middle East Advertisement cost at Rs 11.7 crores (5% of Net Revenue) has increased by 10% in FY 17.

Other operative expenses:

Other expenses majorly include overheads like Doctor professional charges, electricity, repairs and maintenance, insurance, travel, rates and taxes etc. The same at consolidated level has grown by 6% to Rs 89.5 crores (22% of Net Revenue) in FY 17 as compared to Rs 83.5 crores (23% of Net Revenue) in FY 16.

Earnings before interest, tax and depreciation (EBIDTA):

During FY 17, Kaya Group registered operating EBIDTA of Rs. 10.0 crores (2% of Net Revenue) as compared to Rs. 13.3 crores (4% of Net Revenue) in FY 16. Reduction in EBIDTA is on account of slower SSG in India and new clinic / skin Bars expansion in India as well as in Middle East.

- Kaya India recorded EBIDTA of Rs. (17.9) crores ((9) % of Net Revenue), compared to Rs. (11.3) crores ((6) % of Net Revenue) of LY.
- Kaya Middle east registered EBIDTA of Rs. 28.02 crores (13% of Net Revenue) as compared to Rs. 24.67 crores (13% of Net Revenue) in FY 16.

Depreciation & Amortization:

Depreciation & amortization expense at Group level increased to Rs 20.1 crores (5% of Net Revenue) during FY 17, as compared to Rs 16.9 crores (5% of Net Revenue) during FY 16, increase of 18% over FY 16. The increase is on account of new Medical technology investments in existing clinics as well as new clinics in Middle East.

Earnings before Interests and Taxes (EBIT):

Operating Margin of Rs. (9.9) crores (-2% of Net Revenue) as compared to Rs. (3.6) crores (-1% of Net Revenue) in FY 16.

Other Income:

Other income in FY 17 is at Rs 10.2 crores as compared to Rs 12.4 crores in FY 16. This includes profit on redemption of short term Investments made out of surplus cash.

Other income in FY 16 also includes liabilities written back pertaining to previous years amounting to Rs 0.46 crores. The same has not been considered in other income to show operating EBIDTA separately.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Earnings before Taxes (EBT):

Kaya Group's Earnings before taxes and exceptions (post minority interest share) is of Rs. (0.82) crores (-0.2% of Net Revenue) as compared to Rs. 8.8 crores (2% of Net Revenue) in FY 16.

Fixed Assets

Fixed assets (net of depreciation) increased by Rs 9.24 crores during the year FY 17 from Rs 81.7 crores as on March 31st 2016 to Rs 90.9 crores as on March 31st, 2017. The increase is on account of facelift of existing clinics and investment in hair transplant technology in addition to expansion in Middle East.

OUTLOOK

India

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

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

Middle East

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

Our big focus for next year is to turnaround our Saudi Arabia business, to bring it back to single digit growths. Given the economic environment in Saudi Arabia, it is a Herculean task, but we believe, a brand as strong as ours, with excellence in service and offerings, can ride the tide better than others.

Our focus in other markets will continue to be to add more clinics in the GCC region, organically and inorganically, keep innovating and venturing into technologies and portfolios which hold huge potential in the region, and scale up the new identity faster, balancing with the investment that business can afford.

CORPORATE GOVERNANCE REPORT

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

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

- **PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

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

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

Kaya follows Corporate Governance Practices around the following philosophical keystones:

Transparency

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

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

Constructive Separation of Ownership and Management

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

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

Accountability

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

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

Discipline and Fairness

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

Social Awareness

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

Corporate Governance

The Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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 provide strategic guidance which ensures effective monitoring of the management of the Company. The Board encompasses corporate values which enhance the level of deliverables by the Company to Stakeholders. The Company's philosophy of Corporate Governance is based on preserving core values and ethical business conduct, commitment to maximise member value on a continuous basis while looking after the welfare of all the other stakeholders which is the primary responsibility of the Board of Directors, Management and Employees. Our Board exercises appropriate control and judiciously exercises its fiduciary responsibilities in a spirit of trust, transparency and fair play.

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

CORPORATE GOVERNANCE REPORT (Contd.)

Composition and Categories of Directors:

Name	DIN	Category
Mr. Harsh Mariwala	00210342	Chairman & Managing Director
Mr. Rajen Mariwala	00007246	Non-Executive Director (member of Promoter group)
Ms. Ameera Shah	00208095	Independent Director
Mr. Nikhil Khattau	00017880	Independent Director
Mr. B. S. Nagesh	00027595	Independent Director
Mr. Irfan Mustafa	07168570	Independent Director

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

Number of Board and Board Committees of which a Director is a member or Chairperson as on March 31, 2017:

Name of Director	Number of Outside Directorships(*) held	Number of Memberships in Board Committee of other Companies(**)	Number of Chairmanships in Board Committees of Other Companies(**)
Mr. Harsh Mariwala	6	1	0
Mr. Rajen Mariwala	3	2	0
Ms. Ameera Shah	8	0	0
Mr. Nikhil Khattau	2	4	3
Mr. B. S. Nagesh	5	2	0
Mr. Irfan Mustafa	0	0	0

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

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

Dates on which Meeting of the Board of Directors were held during the financial year ended March 31, 2017:

- April 25, 2016
- May 26, 2016
- August 4, 2016
- September 26, 2016
- October 27, 2016
- November 14, 2016
- February 1, 2017
- March 6, 2017

Number of Board Meetings attended by each Director from April 1, 2016 to March 31, 2017 and attendance at the last Annual General Meeting:

Names of Directors	Number of Board Meetings		Attendance at last AGM held on August 4, 2016
	Held	Attended	
Mr. Harsh Mariwala	8	8	Yes
Mr. Rajen Mariwala	8	4	No
Ms. Ameera Shah	8	6	No
Mr. B. S. Nagesh	8	7	No
Mr. Nikhil Khattau	8	5	Yes
Mr. Irfan Mustafa	8	4	Yes

Familiarisation Programme for Directors

All the Independent Directors are made aware of their roles, rights, responsibilities at the time of their appointment through a formal letter of appointment. The Company also provides all new Directors with an Induction which includes familiarization of the Director with the Company, his role, rights, responsibilities in the Company, nature of the industry, business model of the Company, etc. The Management makes presentation on the key changes in the Regulations impacting the Company, the role and responsibility of the Board of Directors and its Committees at the Board Meetings. The Independent Directors are provided with periodic inputs on the business performance of the Company, strategic business plans and the annual financial plan at the Committee and Board Meetings or Board Retreats. The Board of Directors has complete access to the information within the Company. Independent Directors have the freedom to interact with the Company's management. Interactions happen during meetings of the Board or its Committee wherein the Business Heads are asked to make presentations about performance of their Business Division to the Board.

During the year under review, the Familiarization Programme included introduction on new category, namely, hair care services and regular updates on product developments through presentations made to the Board of Directors and/or Committees of the Board. The said presentations were made at the meeting held on August 4, 2016 for an hour each. All the Independent Directors were present.

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

- **AUDIT AND RISK MANAGEMENT COMMITTEE**

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

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

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

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

approval or any subsequent modification of any transactions of the Company with related parties; review and monitor the auditors independence and performance and effectiveness of audit process; scrutiny of inter corporate loans and investments, if any; evaluation of internal financial controls and risk management system; and reviewing the functioning of the Whistle blower mechanism.

Number of Audit and Risk Management Committee Meetings attended by each Member from April 1, 2016 to March 31, 2017:

Names of Members	Number of Meetings	
	Held	Attended
Mr. Nikhil Khattau	5	5
Mr. B.S. Nagesh	5	5
Ms. Ameera Shah	5	3

- **NOMINATION AND REMUNERATION COMMITTEE**

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

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

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

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

CORPORATE GOVERNANCE REPORT (Contd.)

Number of Nomination and Remuneration Committee Meetings attended by each Member from April 1, 2016 to March 31, 2017:

Names of Members	Number of Meetings	
	Held	Attended
Mr. B.S. Nagesh	4	4
Mr. Rajen Mariwala	4	4
Mr. Irfan Mustafa	4	4

Nomination and Remuneration Policy

The Nomination and Remuneration Policy ("NR Policy") of the Company, inter alia, covers the following aspects:

1. framework in relation to appointment, removal and remuneration of Directors, and Key Managerial Personnel;
2. evaluation of the performance of Independent Directors and the Board;
3. to preserve Board diversity and assist the Board in ensuring that plan is in place for orderly succession for appointments to the Board;
4. to ensure a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

The Policy would be reviewed and amended by the Board of Directors on 'need' basis.

Remuneration to Executive Director

The Company's Board comprises of only one Executive Director, namely, Mr. Harsh Mariwala, the Chairman & Managing Director of the Company. For FY16-17, he is not entitled to any remuneration or sitting fees.

Remuneration to Non-Executive Directors

No remuneration was paid to the Non-Executive Directors ("NEDs") for the Financial Year ended March 31, 2017. The following table discloses the approved structure for payment to NEDs:

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

Shareholding of Non-executive Directors

Name of Non-Executive Director	Number of Shares held (As on March 31, 2017)
Mr. Rajen Mariwala	119543
Ms. Ameera Shah	2920
Mr. Nikhil Khattau	0
Mr. B.S. Nagesh	4500
Mr. Irfan Mustafa	0
Total	**126963**

Performance Evaluation of Directors, Board and its Committees

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

Meeting of Independent Directors

During the year under review, a separate meeting of the Independent Directors was held on February 1, 2017 in accordance with the provisions of the Companies Act, 2013 and Listing Regulations and all the Independent Directors were present at the meeting.

- **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

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

Owing to resignation of Mr. Subramanian S. as Chief Executive Officer – Kaya India and subsequent appointment of Mr. Rajiv Nair, the composition of Stakeholders' Relationship Committee was revised at the Board meeting held on February 1, 2017. The revised composition of the Committee as on March 31, 2017 is as follows:

Members	Designation
Mr. Nikhil Khattau (Non-executive Independent Director)	Chairman of the Committee
Mr. Dharmendar Jain (Chief Financial Officer)	Member
Mr. Rajiv Nair (Chief Executive Officer – Kaya India)	Member
Ms. Almas Badar	Secretary to the Committee

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

Status Report of Investor Complaints for the year ended March 31, 2017:

No. of Complaints Received - 6

No. of Complaints Resolved - 6

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.

Name and designation of Compliance Officer

Ms. Almas Badar, Company Secretary & Compliance Officer

- **OTHER COMMITTEES**

A. INVESTMENT, BORROWING AND ADMINISTRATIVE COMMITTEE

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

Due to resignation of Mr. Subramanian S. as Chief Executive Officer – Kaya India and subsequent appointment of Mr. Rajiv Nair, the Committee was reconstituted on February 1, 2017. The revised composition of the Committee as on March 31, 2017 is as follows:

Members	Designation
Mr. Harsh Mariwala (Chairman and Managing Director)	Chairman of the Committee
Mr. Dharmendar Jain (Chief Financial Officer)	Member
Mr. Rajiv Nair (Chief Executive Officer – Kaya India)	Member
Ms. Almas Badar	Secretary to the Committee

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

B. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As set forth in the Directors 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. Rajen Mariwala	Member
Ms. Almas Badar	Secretary to the Committee

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

CORPORATE GOVERNANCE REPORT (Contd.)

- **GENERAL BODY MEETINGS**

Annual General Meetings

Date & Time	Venue	Brief Particulars of Business Transacted	Whether Special Resolution passed
September 19, 2014 11:00 a.m.	Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai – 400 098	1. Adoption of accounts 2. Appointment of Mr. Rishabh Mariwala as Director 3. Appointment of Statutory Auditors 4. Appointment of Ms. Ameera Shah as an Independent Director 5. Approval for Borrowing Limits 6. Alteration of Articles of Association of the Company 7. Ratification of remuneration payable to the Cost Auditors of the Company for the financial year ending March 31, 2015	Yes
September 24, 2015 9:30 a.m.	Dr. R. H. Patil Auditorium, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	1. Adoption of accounts 2. Re-Appointment of Mr. Rajen Mariwala as Director 3. Appointment of Statutory Auditors 4. Appointment of Mr. Nikhil Khattau as Independent Director 5. Appointment of Mr. B.S. Nagesh as Independent Director 6. Appointment of Mr. Irfan Mustafa as Independent Director 7. Alteration of Articles of Association of the Company	Yes
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. Adoption of accounts 2. Re-Appointment of Mr. Rajen Mariwala as Director 3. Appointment of Statutory Auditors 4. Re - Appointment of Mr. Harsh Mariwala as the Chairman and Managing Director of the Company 5. Kaya Employee Stock Option Plan, 2016 for employees of the Company 6. Kaya Employee Stock Option Plan, 2016 for employees of the Subsidiaries of the Company	Yes

Extra-Ordinary Annual General Meetings

Date & Time	Venue	Brief Particulars of Business Transacted	Whether Special Resolution passed
September 26, 2014 11:00 a.m.	8th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai – 400 098	1. Granting of Stock Option to employees/ Directors of the Company. 2. Granting of Stock Option to employees/ Directors of any subsidiary of the Company.	Yes
February 10, 2015 11:30 a.m.	8th Floor, Grande Palladium, 175, CST Road, Kalina, Santacruz (East), Mumbai – 400 098	1. Approval for Cancellation and Reduction of the issued, subscribed and paid up Equity share capital of Kaya Limited pursuant to the Scheme of Arrangement between Marico Kaya Enterprises Limited and Kaya Limited and its respective Shareholders and Creditors.	Yes

Details of Postal Ballot

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the financial year 2016-2017.

• **DISCLOSURES**

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

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

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

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

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

   There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets since the last three years.

3. **Whistle Blower Policy.**

   We have established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of our Code of Conduct. This mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct 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.

4. **Policy for determining Material Subsidiaries.**

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

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

5. **Commodity Price Risk/ Foreign Exchange Risk and hedging activities.**

   Your Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to firm commitment. Based on materiality, Foreign exchange transactions are fully covered with limits placed on the amount of uncovered exposure, if any, at any point in time. There are no materially uncovered exchange rate risks in the context of the Company's imports. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign exchange exposures as on 31st March, 2017 are disclosed in Notes to the Standalone Financial Statements.

6. **Compliance with mandatory/non-mandatory requirements.**

   i. **Auditor's Certificate regarding Compliance of conditions of Corporate Governance**

      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 Annual Report.

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

      The Company has been following the applicable Accounting Standards in preparation of the financial statements. The Notes to the Financial Statements consist the significant accounting policies applied consistently.

   iii. **Code of Conduct**

      The Company's Code of Conduct is applicable to all members viz. the employees (whether permanent or not) and members of the Board. The Code of Conduct also suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The Code of Conduct and other governance related information is available on Company's website: www.kaya.in

      All the members of the Board and the Senior Management have affirmed their compliance with the Code of Conduct as on March 31, 2017 and a declaration to the effect forms part of CEO and CFO certification.

   iv. **Compliance with Discretionary Requirements under Listing Regulations**

      The Company is in compliance with all the mandatory requirements prescribed under the Listing Regulations. Additionally, the Company has also adopted the following non-mandatory requirements:

      -Company's financial statements are unqualified/ have unmodified audit opinion.

      -The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

- **<u>MEANS OF COMMUNICATION</u>**

  Quarter and annual financial results for the Company are published in an English Financial daily and a regional newspaper. The Company communicates all the official news releases and financial results through its website – www.kaya.in. Presentations made to Institutional Investors/ analysts are also hosted on the website for wider dissemination.

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

- **GENERAL SHAREHOLDER INFORMATION**

Details of Director as on date of this Annual Report seeking re-appointment at the forthcoming Annual General Meeting

- **Mr. Rajendra Mariwala**

Mr. Rajendra Mariwala has done his Masters in Chemical Engineering from Cornell University, USA. 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 16 years in leading a competitive global business in specialty chemicals. He has been on the Board of Directors of Marico Limited since July 2005.

<table>
<tr><td>DIN</td><td colspan="4">00007246</td></tr>
<tr><td>Age</td><td colspan="4">54 years</td></tr>
<tr><td>Qualifications</td><td colspan="4">Masters in Chemical Engineering from Cornell University, USA</td></tr>
<tr><td>Date of Original Appointment</td><td colspan="4">November 1, 2011</td></tr>
<tr><td>Directorships in other companies:</td><td colspan="4">➢ Arctic Investment & Trading Company Private Limited
➢ Eternis Fine Chemicals Limited
➢ Scientific Precision Private Limited
➢ Marico Limited
➢ Mariwala Estates Private Limited
➢ Patspin India Limited
➢ Rajanjali Estates Private Limited
➢ HPFL BV
➢ HPFL (UK) Limited
➢ Village Laundry Services</td></tr>
<tr><td rowspan="3">Membership / Chairmanship of Board Committees in other Companies:</td><td>Sr. No.</td><td>Name of the Company</td><td>Type of Committee</td><td>Member/Chairman</td></tr>
<tr><td>1.</td><td>Marico Limited</td><td>Audit Committee</td><td>Member</td></tr>
<tr><td>2.</td><td>Marico Limited</td><td>Stakeholder's Relationship Committee</td><td>Member</td></tr>
</table>

a) **General Information**

Annual General Meeting

Date	: August 2, 2017
Time	: 4:30 p.m.
Venue	: Indian Education Society, Manik Sabhagriha, M.D. Lotlikar Vidya Sankul, Opposite Lilavati Hospital, Bandra Reclamation, Bandra (West) Mumbai – 400 050
Book Closure dates	: Thursday, July 27, 2017 to Wednesday, August 2, 2017 (both days inclusive).
Dividend payment	: No dividend was declared/ paid during the period under review.

CORPORATE GOVERNANCE REPORT (Contd.)

b) **Financial calendar**

Financial Year : April 01 - March 31

c) **Listing details**

Name of Stock Exchange	Stock/ Scrip Code	Address	Date of Listing
BSE Limited	539276	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra 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, Maharashtra 400051. Phone: 022 2659 8100	August 14, 2015

Note: Payment of annual listing fee to each of such stock exchanges has been made as prescribed.

d) **ISIN** : INE587G01015

e) **Company Identification Number (CIN)** : L85190MH2003PLC139763

f) **Market Price Data** :

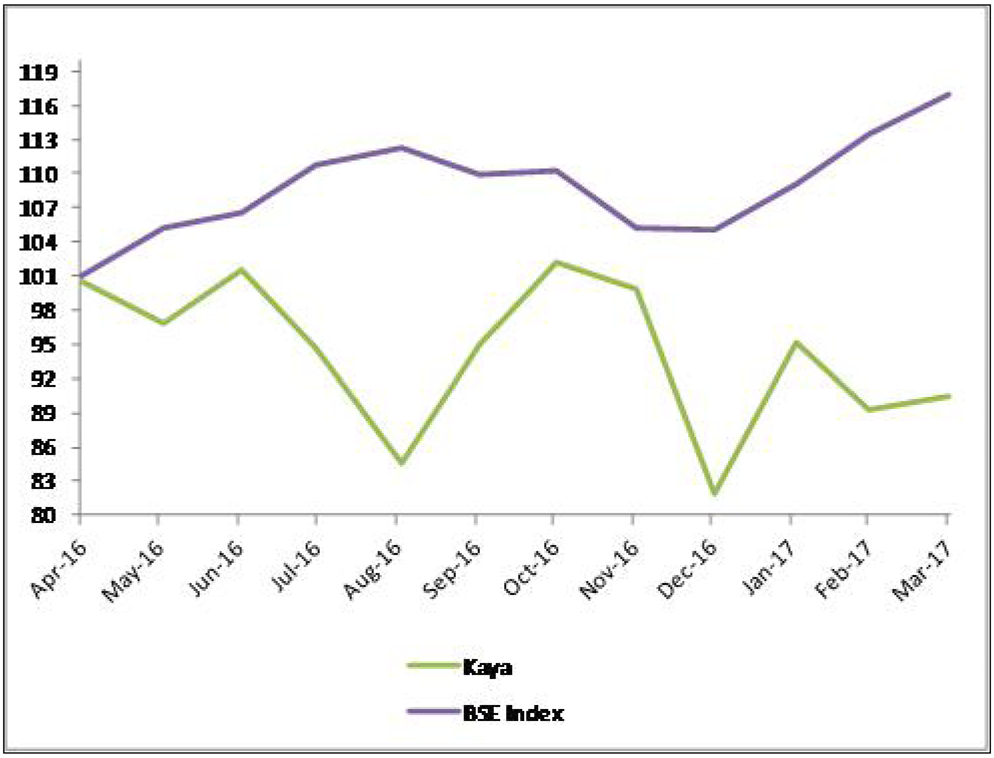
BSE Limited		
Month	**High (in Rs.)**	**Low (in Rs.)**
April, 2016	948.75	830.25
May, 2016	1016	816.5
June, 2016	897	801
July, 2016	904.5	810.75
August, 2016	828	688.2
September, 2016	855.8	692
October, 2016	938	820
November, 2016	878	650
December, 2016	775	653.9
January, 2017	830	697.55
February, 2017	832.95	743.75
March, 2017	818.7	711

The National Stock Exchange of India Limited		
Month	**High (in Rs.)**	**Low (in Rs.)**
April, 2016	944	826.05
May, 2016	1017	818.30
June, 2016	900	801
July, 2016	907	809
August, 2016	830	688
September, 2016	858	702.10
October, 2016	940	812.95
November, 2016	876.95	684.10
December, 2016	780	650
January, 2017	830.50	694
February, 2017	832	741.55
March, 2017	819	710

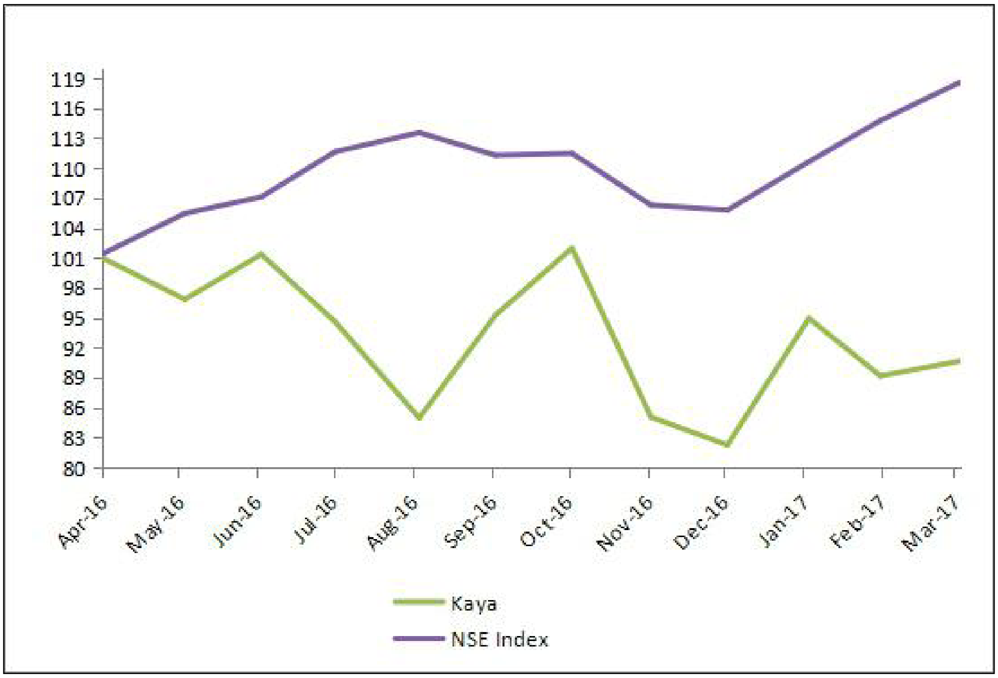
g) **Performance in Comparison**

BSE Sensex, S & P CNX Nifty:

Kaya v/s BSE index



Kaya v/s NSE index



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

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

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

j) Distribution of Shareholding as on March 31, 2017 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1- 500	26421	96.64	1120099	8.60
501-1000	434	1.59	323536	2.48
1001-2000	241	0.88	350591	2.70
2001-3000	66	0.24	168772	1.30
3001-4000	31	0.11	110811	0.85
4001-5000	19	0.07	88878	0.68
5001-10000	51	0.19	352719	2.71
10001 & above	77	0.28	10507158	80.68
Total	**27340**	**100.00**	**13022564**	**100.00**

k) Categories of Shareholding as on March 31, 2017 :

Category	No. of Shareholders	No. of Shares held	Percentage of Shareholding
Promoters	26	7828924	60.12
Bodies Corporate	461	864724	6.64
Clearing Members	179	158379	1.22
Foreign Portfolio Investors (FII +FIC)	20	436877	3.35
NRIs	911	258375	1.98
Insurance Companies, Foreign Banks and Non-nationalised banks	11	101463	0.78
Mutual Funds	8	810727	6.23
Trusts/ HUFs	486	124937	0.96
Resident Individuals	25238	2438158	18.72
Total	**27340**	**13022564**	**100.00**

l) **Dematerialization of Shares and Liquidity** : As on March 31, 2017, 99.89% of shareholding was held in Dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

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

m) **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.

n) **Shareholders / Investors Complaint's received and redressed** : The Company gives utmost priority to the interests of the investors. All the requests / complaints of the shareholders have been addressed to the satisfaction of the shareholders within the statutory time limits. During the financial year ended March 31, 2017, 6 complaints were received from the shareholders as per the details given below:

Nature of Complaint	Received	Resolved
Non-Receipt of Dividend	N.A.	N.A.
Non-Receipt of Shares lodged for Transfer	–	–
Others (e.g. non-receipt of Annual Report etc.)	6	6
Total	**6**	**6**

o) **Address for Correspondence** : **Shareholding related queries**

Company's Registrar & Transfer Agent:
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

General Correspondence:
Company Secretary & Compliance Officer
Kaya Limited
23/C, Mahal Industrial Estate,
Mahakali Caves Road, Near Paper Box Lane,
Andheri (East), Mumbai 400 093
Tel.: 022 – 6619 5000, Fax:022 – 6619 5050
E-mail: investorrelations@kayaindia.net

CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We hereby certify that:

A. We have reviewed financial statements for the year ended March 31, 2017 and to the best of our knowledge and belief:

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

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

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

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

D. We have indicated to the auditors and the Audit Committee:

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

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

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

E. We hereby declare that all the members of the Board of Directors and Senior Management have confirmed compliance with the Code of Conduct as adopted by the Company.

For **Kaya Limited**

Harsh Mariwala
Chairman & Managing Director

Date : May 3, 2017

Note: Mr. Dharmendar Jain, Chief Financial Officer of the Company resigned w.e.f. April 21, 2017. Hence, this certificate is not signed by him.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Kaya Limited

We have examined the compliance of conditions of Corporate Governance by Kaya Limited, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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.

For **Price Waterhouse**
Firm Registration Number - 301112E
Chartered Accountants

Place : Mumbai
Date : May 3, 2017

Uday Shah
Partner
Membership No: 46061

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAYA LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Kaya Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

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

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

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

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

    (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements – Refer Note 9 and Refer Note 20(a);

        ii. The Company has long-term contracts as at March 31, 2017 for which there are no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2017;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;

        iv. The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 40.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place : Mumbai
Date : May 3, 2017

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Kaya Limited on the standalone financial statements for the year ended March 31, 2017

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

1. We have audited the internal financial controls over financial reporting of **Kaya Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

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

I**nherent Limitations of Internal Financial Controls Over Financial Reporting**

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place : Mumbai
Date : May 3, 2017

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kaya Limited on the standalone financial statements for the year ended March 31, 2017

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

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

(c) The Company does not own any immovable properties as disclosed in Note 10 on fixed assets to the standalone financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The physical verification of inventory, including stocks with third parties, have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

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

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the investments made, and guarantees and security provided by it. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 of the Companies Act 2013.

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

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

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

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, duty of customs and duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, service tax and value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kaya Limited on the standalone financial statements for the year ended March 31, 2017

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income-tax	1,465,387,563	Assessment Year 2008 - 2009	Commissioner of Income Tax (A)
Income Tax Act, 1961	Income-tax	425,932	Assessment Year 2012 - 2013	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income-tax	8,048,190	Assessment Year 2014 - 2015	Commissioner of Income Tax (A)
Andhra Pradesh Value Added Tax Act, 2005	VAT	5,398,405	April 2009 to March 2012	Commercial Tax Officer
Andhra Pradesh Value Added Tax Act, 2005	VAT	11,210,127	April 2012 to September 2016	Hon'ble High Court of Hyderabad
Kerala Value Added Tax Act, 2003	VAT	1,284,842	April 2011 to March 2014	Deputy Commissioner of Appeals
Kerala Value Added Tax Act, 2003	VAT	400,000	April 2014 to March 2015	Assistant Commissioner
Delhi Value Added Tax Act, 2004	VAT	513,581	April 2009 to March 2010	Assistant Commissioner
Uttar Pradesh Value Added Tax Act, 2008	VAT	184,600	October 2016	Assistant Commissioner
Uttar Pradesh Value Added Tax Act, 2008	VAT	3,527,715	2013 - 2014	Deputy Commissioner
Finance Act, 1994	Service Tax	3,746,436	December 2004 to March 2006	Commissioner of Service Tax
Finance Act, 1994	Service Tax	20,231,698	April 2011 to March 2012	Additional Commissioner of Service Tax
Finance Act, 1994	Service Tax	21,540,755	April 2008 to March 2012	Custom Excise & Service Tax Appellate Tribunal

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at balance sheet date. The Company does not have any loans or borrowings from any financial institution or Government, nor has it issued any debentures as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

xi. The Company has not paid/ provided for managerial remuneration during the year. Therefore the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place : Mumbai
Date : May 3, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Figures in Rupees)

	Note	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	**3**	130,225,640	128,971,000
Reserves and surplus	**4**	1,644,845,649	1,785,816,284
		1,775,071,289	1,914,787,284
NON–CURRENT LIABILITIES			
Long–term provisions	**5**	61,881,183	62,365,919
		61,881,183	62,365,919
CURRENT LIABILITIES			
Short-term borrowings	**6**	5,895,498	–
Trade payables	**7**		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		158,562,299	174,199,049
Other current liabilities	**8**	569,650,198	565,594,266
Short-term provisions	**9**	65,066,870	65,852,665
		799,174,865	805,645,980
Total		**2,636,127,337**	**2,782,799,183**
ASSETS			
NON – CURRENT ASSETS			
Fixed assets			
– Tangible assets	**10**	461,635,239	441,922,505
– Intangible assets	**10**	18,159,418	16,375,113
– Capital work–in–progress		8,367,732	15,316,477
		488,162,389	473,614,095
Non-current investments	**11**	435,111,000	435,111,000
Deferred tax assets	**38**	–	–
Long-term loans and advances	**12**	394,417,058	171,295,557
Other non-current assets	**13**	2,732,920	1,670,002
		832,260,978	608,076,559
CURRENT ASSETS			
Current Investments	**14**	715,052,975	882,365,399
Inventories	**15**	335,760,009	365,388,356
Trade receivables	**16**	23,638,534	18,100,548
Cash and bank balances	**17**	23,520,208	17,304,801
Short-term loans and advances	**18**	211,000,466	412,517,482
Other current assets	**19**	6,731,778	5,431,943
		1,315,703,970	1,701,108,529
Total		**2,636,127,337**	**2,782,799,183**

The accompanying notes are an integral part of these standalone financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061
Mumbai : May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai : May 3, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Figures in Rupees)

	Note	Year ended March 31, 2017	Year ended March 31, 2016
REVENUE :			
Revenue from operations	**22**	1,939,143,554	1,853,193,465
Other income	**23**	108,372,156	123,660,915
TOTAL REVENUE		**2,047,515,710**	1,976,854,380
EXPENSES:			
Cost of materials consumed	**24**	124,834,274	130,337,193
Purchases of stock–in–trade		7,217,076	6,042,220
Changes in inventories of finished goods, work–in–process and stock–in–trade	**25**	1,167,327	(21,808,686)
Employee benefits expenses	**26**	532,884,212	495,020,213
Finance costs	**27**	125,615	35,897
Depreciation and amortisation expenses	**10**	106,552,247	96,964,165
Other expenses	**28**	1,452,290,399	1,356,506,000
TOTAL EXPENSES		**2,225,071,150**	**2,063,097,002**
LOSS BEFORE TAX		**(177,555,440)**	**(86,242,622)**
Tax expenses			
– Current tax		–	–
– Deferred tax		–	–
		–	–
LOSS FOR THE YEAR		**(177,555,440)**	**(86,242,622)**
Loss per equity share: [Nominal Value per share: Rs. 10 (Previous year - Rs. 10)]			
Basic (Refer note 37)		(13.69)	(6.69)
Diluted (Refer note 37)		(13.69)	(6.69)

The accompanying notes are an integral part of these standalone financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061
Mumbai : May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai : May 3, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Figures in Rupees)

	Year ended March 31, 2017	Year ended March 31, 2016
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	**(177,555,440)**	**(86,242,622)**
Adjustments for:		
Depreciation and amortisation expenses	106,552,247	96,964,165
Finance costs	125,615	35,897
Interest income	(29,510,494)	(23,483,607)
Liabilities written back to the extent no longer required (net)	(1,828,588)	(6,947,265)
Employee stock option charge	200,245	6,173,409
Loss on sale / discarding of assets (net)	5,580,625	6,908,833
Profit on sale of current investments	(66,281,005)	(91,327,924)
Provision for doubtful debts written back to the extent no longer required	(2,744,535)	–
Dividend Income	(121,786)	(1,130,685)
Provision for doubtful debts	–	2,000,000
	11,972,324	(10,807,177)
Operating profit / (loss) before working capital changes	**(165,583,116)**	**(97,049,799)**
Adjustments for:		
Decrease / (Increase) in inventories	29,628,347	(134,924,751)
Increase in trade receivables	(2,793,451)	(15,601,718)
Increase in loans and advances and other current and non-current assets	(24,270,376)	(9,230,860)
(Decrease) / Increase in trade payables and other current and non-current liabilities and provisions	(20,109,464)	42,458,323
	(17,544,944)	**(117,299,006)**
Cash used in operations	**(183,128,060)**	**(214,348,805)**
Taxes paid (net of refund)	(1,234,301)	2,343,848
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(181,893,759)**	**(216,692,653)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(Figures in Rupees)

		Year ended March 31, 2017	Year ended March 31, 2016
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(119,446,054)	(229,907,763)
	Sale of fixed assets	181,530	–
	Investments in a subsidiary	–	(870,000)
	Investments in Inter Corporate Deposits	–	(300,000,000)
	Sale of Current Investments - in mutual funds (net)	233,593,429	727,991,369
	Dividend income received	121,786	1,130,685
	Interest income received	30,249,392	2,538,733
	Increase in other bank balances	(1,859,601)	–
	NET CASH INFLOW FROM INVESTING ACTIVITIES	**142,840,482**	**200,883,024**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share capital	28,401,315	–
	Short-term borrowings taken (net)	5,895,498	–
	Finance costs paid	(125,615)	(35,897)
	NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	**34,171,198**	**(35,897)**
D	**NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS [A + B + C]**	**(4,882,079)**	**(15,845,526)**
E	**Cash and cash equivalents - opening balance (Refer note 17)**	**17,304,801**	**33,150,327**
F	**Cash and cash equivalents - closing balance (Refer note 17) [D + E]**	**12,422,722**	**17,304,801**

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard – 3 on Cash Flow Statements.
2. Previous year figures have been regrouped where necessary.
3. The accompanying notes are an integral part of these standalone financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061
Mumbai : May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai : May 3, 2017

NOTES TO STANDALONE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kaya Limited ('Kaya' or the 'Company'), headquartered in Mumbai, India, carries on skin care business through Kaya Skin Clinics. The Clinics offer skin care solutions using scientific dermatological procedures and products. The Company also sells skin care products through Kaya Skin Bars and Third Party Stores.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of standalone financial statements:

These standalone financial statements have been prepared in accordance with the generally accepted accounting principles in India ('GAAP') under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. The Ministry of Corporate Affairs (MCA) had notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2016 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016. The impact of the change on account of these rules is not material to the financial statements of the Company.

Consequently, these standalone financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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

b) Use of Estimates:

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

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

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

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation / amortisation and impairment loss, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Elements of cost also include the initial estimate of the costs of restoring the site of leased premises, referred to as 'site restoration', the obligation for which the Company incurs when the premises are taken on lease.

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

d) Depreciation / amortization:

1) Tangible assets

(i) Depreciation is provided on the straight line method on the basis of the rates determined based on the estimated useful lives of the assets which are higher than the rates prescribed under Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets.

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

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

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

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

(v) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost or impaired amount are recognised in the Statement of Profit and Loss.

2) Intangible assets

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

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

e) Impairment:

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

f) Investments:

Long-term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary. Current investments are valued at lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net asset value is taken as fair value.

g) Inventories:

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

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

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

h) Revenue recognition:

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

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

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

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

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

i) Employee benefits:

1) Long-term employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(iii) Compensated absences

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

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

j) Foreign currency transactions:

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

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

k) Accounting for taxes on income:

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

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

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

l) Assets taken on lease:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight line basis over the lease term.

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

Provisions are recognised, when there is a present obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are disclosed only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Where there is a possible obligation and the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are not recognised in the standalone financial statements.

n) Utilisation of Securities Premium Reserve

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

o) Employee Share Based Payments

Equity stock options granted are accounted as per the accounting treatment prescribed by the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense, equal to amortised portion of value of lapsed portion and the credit to deferred employee compensation expense equal to the un-amortised portion.

p) Earnings Per Share

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

q) Cash and Cash Equivalents

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

r) Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(Figures in Rupees)

	As at March 31, 2017	As at March 31, 2016
3. SHARE CAPITAL		
(a) Share Capital		
(i) Authorised		
34,000,000 (34,000,000) equity shares of Rs. 10/- each	340,000,000	340,000,000
(ii) Issued, subscribed and fully paid-up		
13,022,564 (12,897,100) equity shares of Rs. 10/- each fully paid-up	130,225,640	128,971,000
Total	**130,225,640**	**128,971,000**

(b) Reconciliation of number of shares

	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Balance as at the beginning of the year	12,897,100	128,971,000	–	–
Add: Shares alloted during the year @	–	–	12,897,100	128,971,000
Add: Shares issued during the year under Employee Stock Options plan (Refer Note 3(e))	125,464	1,254,640	–	–
Balance as at the end of the year	**13,022,564**	**130,225,640**	**12,897,100**	**128,971,000**

@The Company had issued 12,897,100 equity shares of Rs. 10 each, fully paid-up, of the Company to the holders of equity shares of Marico Kaya Enterprises Limited (MAKE) pursuant to Scheme of Arrangement for Amalgamation of MAKE with the Company having appointed date April 1, 2014.

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

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

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Harsh C Mariwala with Kishore V Mariwala (As representative of Valentine Family Trust)	1,467,520	11.27%	1,467,520	11.38%
Harsh C Mariwala with Kishore V Mariwala (As representative of Aquarius Family Trust)	1,467,520	11.27%	1,467,520	11.38%
Harsh C Mariwala with Kishore V Mariwala (As representative of Taurus Family Trust)	1,467,520	11.27%	1,467,520	11.38%
Harsh C Mariwala with Kishore V Mariwala (As representative of Gemini Family Trust)	1,467,520	11.27%	1,467,520	11.38%

(e) Shares reserved for issue under options :

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 March 31, 2016 and March 31, 2017, respectively. The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

Particulars	As at March 31, 2017	As at March 31, 2016
Weighted average share price of options exercised	300	NA
Number of options granted, exercised, and forfeited		
Balance as at beginning of the year	130,914	135,771
Granted during the year	–	–
Less : Exercised during the year	125,464	–
Forfeited / lapsed during the year	–	4,857
Balance as at end of the year	**5,450**	**130,914**

During the year, the Board of Directors of the Company has granted 253,893 stock options at Rs. 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

Kaya ESOP 2016 - Scheme I	As at March 31, 2017	As at March 31, 2016
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance as at beginning of the year	–	–
Granted during the year	253,893	–
Less : Exercised during the year	–	–
Forfeited / lapsed during the year	109,335	–
Balance as at end of the year	**144,558**	**–**

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. 200,245 (Previous Year Rs. 6,173,409) as compensation cost under the 'intrinsic value' method (Refer note 26). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

(Figures in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Loss after tax as reported	(177,555,440)	(86,242,622)
Add : Stock-based employee compensation expense included in Net Loss	200,245	6,173,409
Less : Stock-based employee compensation expense as per Fair Value	473,060	7,750,964
Adjusted pro-forma	(177,828,255)	(87,820,177)
Basic earnings per share as reported (Refer note 37)	(13.69)	(6.69)
Pro-forma basic earnings per share	(13.71)	(6.80)
Diluted earnings per share as reported (Refer note 37)	(13.69)	(6.69)
Pro-forma diluted earnings per share	(13.71)	(6.80)

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

	Kaya ESOP 2016 - Scheme I	Kaya ESOP
Risk-free interest rate (%)	7.13%	8.47%
Expected life of options (years)	1.5 to 3.5	1.98
Expected volatility (%)	40.00%	65.00%
Dividend yield	0.00%	0.00%

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2017	As at March 31, 2016
4.	**RESERVES AND SURPLUS**		
	Capital Reserve:		
	Balance as at the beginning of the year	265,281,808	265,281,808
	Balance as at the end of the year	265,281,808	265,281,808
	Securities premium reserve:		
	Balance as at the beginning of the year	2,149,760,217	2,149,760,217
	Add: Transferred from ESOP Reserve	9,237,885	–
	Add: Receipt on exercise of Employee Stock Option	36,384,560	–
	Balance as at the end of the year	2,195,382,662	2,149,760,217
	Deficit in the Statement of Profit and Loss:		
	Balance as at the beginning of the year	(638,664,665)	(552,422,043)
	Loss for the year	(177,555,440)	(86,242,622)
	Balance as at the end of the year	(816,220,105)	(638,664,665)
	Employee Stock Option Outstanding Account (Refer note 3(e)):		
	Balance as at the beginning of the year	9,438,924	3,265,515
	Less: Transferred to Securities Premium Reserve	9,237,885	–
	Add: Compensation for Employee Stock Option granted	200,245	6,173,409
	Balance as at the end of the year	401,284	9,438,924
	Total	**1,644,845,649**	**1,785,816,284**
5.	**LONG-TERM PROVISIONS**		
	Other provisions:		
	Provision for equalisation of rent expenses (Refer note (a) below)	58,361,183	58,805,919
	Provision for site restoration cost (Refer note (b) below)	3,520,000	3,560,000
	Total	**61,881,183**	**62,365,919**

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

b) Provision for site restoration cost

Balance as at the beginning of the year	4,200,000	18,530,000
Additions during the year	–	360,000
Less: Provision utilised /written back during the year	(160,000)	(14,690,000)
Balance as at the end of the year	**4,040,000**	**4,200,000**
Classified as Non-current:	3,520,000	3,560,000
Classified as current:	520,000	640,000
Total	**4,040,000**	**4,200,000**

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.

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2017	As at March 31, 2016
6.	**SHORT-TERM BORROWINGS**		
	Secured		
	From a Bank :		
	- Cash credit facility	5,895,498	–
	Total	**5,895,498**	**–**

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

7.	**TRADE PAYABLES**		
	Total outstanding dues of micro enterprises and small enterprises	–	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises:		
	Trade payables	154,689,096	165,727,029
	Payable to related parties (Refer note 35)	3,873,203	8,472,020
	Total	**158,562,299**	**174,199,049**

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

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

(Figures in Rupees)

		As at March 31, 2017	As at March 31, 2016
8.	**OTHER CURRENT LIABILITIES**		
	Advances from customers	486,186,716	463,708,504
	Book overdraft	6,665,287	2,920,839
	Statutory dues including provident fund and tax deducted at source	20,550,839	17,006,711
	Creditors for capital goods	10,624,250	1,537,547
	Employee benefits payable	36,422,969	70,410,002
	Others	9,200,137	10,010,663
	Total	**569,650,198**	**565,594,266**
9.	**SHORT-TERM PROVISIONS**		
	Provision for employee benefits:		
	Provision for gratuity (Refer Note 33)	5,348,864	9,466,498
	Provision for compensated absences (Refer Note 33)	17,210,339	15,081,112
		22,559,203	24,547,610
	Other provisions:		
	Provision for equalisation of rent expenses (Refer note 5(a))	7,951,267	6,628,655
	Provision for site restoration cost (Refer note 5(b))	520,000	640,000
	Other Provisions (Refer note below)	34,036,400	34,036,400
		42,507,667	41,305,055
	Total	**65,066,870**	**65,852,665**

Other Provisions:

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

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

10. Fixed Assets

(Figures in Rupees)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				IMPAIRMENT			NET BLOCK
	As at April 1, 2016	Additions	Deductions / Adjustments	As at Mar 31, 2017	Upto April 1, 2016	For the year	Deductions / Adjustments	Upto Mar 31, 2017	Upto April 1, 2016	Deductions / Adjustments	Upto Mar 31, 2017	As at Mar 31, 2017
Tangible assets												
Plant and equipment	898,619,247	63,880,060	10,868,239	951,631,068	545,408,330	69,075,515	8,287,778	606,196,067	99,928,618	(2,228,692)	97,699,926	247,735,075
Office equipment	49,199,566	3,066,178	594,728	51,671,016	32,451,357	2,976,150	312,725	35,114,782	8,754,322	(300,798)	8,453,524	8,102,710
Furniture and fixtures	223,478,173	27,601,281	17,576,800	233,502,654	95,666,246	14,739,221	12,213,008	98,192,459	49,595,664	(1,674,632)	47,921,032	87,389,163
Leasehold improvements	124,703,164	33,712,310	2,122,573	156,292,901	21,105,535	15,994,055	382,553	36,717,037	1,167,573	–	1,167,573	118,408,291
Total – A	**1,296,000,150**	**128,259,829**	**31,162,340**	**1,393,097,639**	**694,631,468**	**102,784,941**	**21,196,064**	**776,220,345**	**159,446,177**	**(4,204,122)**	**155,242,055**	**461,635,239**
Intangible assets												
Computer softwares	43,178,358	5,551,612	210,102	48,519,868	25,453,197	3,767,306	181,625	29,038,878	1,350,048	(28,476)	1,321,572	18,159,418
Total – B	**43,178,358**	**5,551,612**	**210,102**	**48,519,868**	**25,453,197**	**3,767,306**	**181,625**	**29,038,878**	**1,350,048**	**(28,476)**	**1,321,572**	**18,159,418**
Total – A + B	**1,339,178,508**	**133,811,441**	**31,372,442**	**1,441,617,507**	**720,084,665**	**106,552,247**	**21,377,689**	**805,259,223**	**160,796,225**	**(4,232,598)**	**156,563,627**	**479,794,657**

10. Fixed Assets

(Figures in Rupees)

	GROSS BLOCK				DEPRECIATION/AMORTISATION				IMPAIRMENT			NET BLOCK
	As at April 1, 2015	Additions	Deductions / Adjustments	As at Mar 31, 2016	Upto April 1, 2015	For the year	Deductions / Adjustments	Upto Mar 31, 2016	Upto April 1, 2015	Deductions / Adjustments	Upto Mar 31, 2016	As at Mar 31, 2016
Tangible assets												
Plant and equipment	777,155,380	134,926,625	13,462,758	898,619,247	496,070,681	60,842,025	11,504,376	545,408,330	101,733,654	(1,805,036)	99,928,618	253,282,299
Office equipment	50,730,927	3,712,432	5,243,793	49,199,566	33,896,125	2,856,809	4,301,577	32,451,357	9,605,681	(851,359)	8,754,322	7,993,887
Furniture and fixtures	200,538,262	35,121,425	12,181,514	223,478,173	88,772,563	14,311,991	7,418,308	95,666,246	52,190,233	(2,594,569)	49,595,664	78,216,263
Leasehold improvements	87,584,407	50,507,797	13,389,040	124,703,164	13,458,527	16,648,158	9,001,150	21,105,535	1,167,573	–	1,167,573	102,430,056
Total – A	**1,116,008,976**	**224,268,279**	**44,277,105**	**1,296,000,150**	**632,197,896**	**94,658,983**	**32,225,411**	**694,631,468**	**164,697,141**	**(5,250,964)**	**159,446,177**	**441,922,505**
Intangible assets												
Computer softwares	26,286,924	16,959,684	68,250	43,178,358	23,216,258	2,305,182	68,243	25,453,197	1,350,048	–	1,350,048	16,375,113
Trademarks / copyrights	152,607	–	152,607	–	44,511	–	44,511	–	–	–	–	–
Total – B	**26,439,531**	**16,959,684**	**220,857**	**43,178,358**	**23,260,769**	**2,305,182**	**112,754**	**25,453,197**	**1,350,048**	**–**	**1,350,048**	**16,375,113**
Total – A + B	**1,142,448,507**	**241,227,963**	**44,497,962**	**1,339,178,508**	**655,458,665**	**96,964,165**	**32,338,165**	**720,084,665**	**166,047,189**	**(5,250,964)**	**160,796,225**	**458,297,618**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2017	As at March 31, 2016
11.	**NON–CURRENT INVESTMENTS**		
	Long–term		
	Trade investments (Valued at cost unless otherwise stated)		
	Investments in equity instruments		
	Investment in Subsidiaries – Unquoted		
	KME Holding Pte Ltd. (Wholly owned)	434,241,000	434,241,000
	8,842,410 (8,842,410) equity shares of 1 SGD each, fully paid		
	Kaya Middle East DMCC (Wholly owned) 50 (50) equity shares of AED 1,000 each, fully paid	870,000	870,000
	Total	**435,111,000**	**435,111,000**
	Aggregate amount of unquoted investments (At cost)	**435,111,000**	**435,111,000**

12.	**LONG–TERM LOANS AND ADVANCES**		
	(Unsecured and considered good, unless otherwise stated)		
	Capital advances	9,416,882	7,746,821
	Security deposits	158,041,588	153,874,519
	Deposits with Government Authorities	7,214,138	1,283,992
	Prepaid expenses	2,489,699	3,549,737
	Loans and advances to employees	497,150	378,175
	Income tax payments (Net of provision for income tax Rs. 55,500,000 (Previous year Rs. 55,500,000))	3,228,012	4,462,313
	Inter corporate deposits (including interest accrued Rs 13,529,589)	213,529,589	–
	Total	**394,417,058**	**171,295,557**
13.	**OTHER NON-CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Term deposits with banks with maturity period more than 12 months @	2,637,114	1,553,510
	Interest accrued on long - term deposits with banks	95,806	116,492
	Total	**2,732,920**	**1,670,002**

@ Term deposits with banks include Rs. 287,858 (Previous year Rs. 71,613) deposited with sales tax authorities and Rs. 2,349,256 (Previous year Rs. 1,481,897) held as lien by banks against guarantees issued on behalf of the Company.

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2017	As at March 31, 2016
14.	**CURRENT INVESTMENTS:** (at lower of cost and fair market value)		
	Non - trade Short Term investments:		
	HDFC Short Term Plan-Reg-Growth 4,917,369 (NIL) Units of Rs. 10 each fully paid	159,041,482	–
	ICICI Prudential Money Market Fund-Growth 169,431 (NIL) Units of Rs. 100 each fully paid	37,980,845	–
	Invesco India Medium Term Bond Fund - Growth 91,578 (NIL) Units of Rs. 1,000 each fully paid	151,524,921	–
	Kotak Bond-Short Term-Growth 5,055,363 (NIL) Units of Rs. 10 each fully paid	154,885,358	–
	Reliance Corporate Bond Fund - Growth 12,465,815 (NIL) Units of Rs. 10 each fully paid	163,185,000	–
	UTI Money Market Fund-IP-Growth 26,701 (NIL) Units of Rs. 1,000 each fully paid	48,435,365	–
	Edelweiss Liquid Fund - Super Institutional plan daily dividend 0.4 (NIL) Units of Rs. 10 each fully paid	4	–
	SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth NIL (39,184) Units of Rs. 1,000 each fully paid	–	100,417,751
	DHFL Pramerica Low Duration Fund - Growth NIL (7,357,120) units of Rs. 10 each fully paid	–	150,044,040
	HDFC Liquid Fund-Growth NIL (1,379) Units of Rs. 1,000 each fully paid	–	4,113,373
	ICICI Prudential FMP Series 78-95 Days-Plan K-Cumulative NIL (15,000,000) Units of Rs. 10 each fully paid	–	150,000,000
	Kotak Liquid Scheme Plan A-Growth NIL (3,915) Units of Rs. 1,000 each fully paid	–	12,000,000
	Reliance Medium Term Fund - Growth NIL (47,91,054) Units of Rs. 10 each fully paid	–	150,048,153
	Religare Invesco Medium Term Bond Fund - Growth NIL (98,557) Units of Rs. 1,000 each fully paid	–	150,045,126
	SBI Magnum Insta Cash Fund -Regular Plan-Growth NIL (4,690) Units of Rs. 1,000 each fully paid	–	15,668,410
	UTI Floating Rate Fund-STP-Reg-growth NIL (61,445) Units of Rs. 1,000 each fully paid	–	150,028,546
	Total	**715,052,975**	**882,365,399**
	Aggregate amount of unquoted investments (At cost)	**715,052,975**	**882,365,399**
	Aggregate amount of unquoted investments (At Net asset value)	**717,269,909**	**885,398,375**

(Figures in Rupees

		As at March 31, 2017	As at March 31, 2016
15.	**INVENTORIES**		
	(Refer note 2(g) for basis of valuation)		
	Stores, spares and consumables	171,285,094	210,807,997
	Raw materials	41,642,631	37,492,843
	Packing materials	35,452,723	28,540,628
	Work-in-process #	4,440,212	684,246
	Finished goods #	78,502,645	85,754,627
	Stock-in-trade #	4,436,704	2,108,015
	Total	**335,760,009**	**365,388,356**
	# Skin care products		
16.	**TRADE RECEIVABLES**		
	Unsecured, considered good :		
	Outstanding for a period exceeding 6 months from the date they are due for payment		
	From a related party	713,601	–
	Others	–	325,803
	Others		
	From a related party	2,569,633	3,318,174
	Others	20,355,300	14,456,571
		23,638,534	18,100,548
	Unsecured, considered doubtful :		
	Outstanding for a period exceeding 6 months from the date they are due for payment		
	From a related party	–	–
	Others	160,760	2,905,295
	Others	–	–
		160,760	2,905,295
	Less : Provision for doubtful debts	160,760	2,905,295
	Total	**23,638,534**	**18,100,548**
17.	**CASH AND BANK BALANCES**		
	Cash and cash equivalents:		
	Cash on hand	6,713,330	5,776,721
	Cheques on hand	492,095	–
	Bank balances:		
	In current accounts	14,455,182	11,528,080
		21,660,607	17,304,801
	Other bank balances:		
	Term deposit with a bank with maturity more than three months but less than twelve months	1,859,601	–
		1,859,601	–
	Total	**23,520,208**	**17,304,801**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees)

		As at March 31, 2017	As at March 31, 2016
18.	**SHORT–TERM LOANS AND ADVANCES**		
	(Unsecured and considered good, unless otherwise stated)		
	Loans and advances to related parties (Refer Note 35)	29,110,994	11,916,124
	Other loans and advances		
	Advances to suppliers	29,620,458	24,260,113
	Balances with Government Authorities	6,289,272	10,417,875
	Security deposits	34,368,433	35,609,845
	Prepaid expenses	4,448,009	8,195,400
	Loans and advances to employees	431,791	1,138,815
	Inter corporate deposits (including interest accrued Rs. 6,731,509 (Previous Year Rs. 20,979,310))	106,731,509	320,979,310
	Total	**211,000,466**	**412,517,482**
19.	**OTHER CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Others	6,731,778	5,431,943
	Total	**6,731,778**	**5,431,943**
20 (a)	**CONTINGENT LIABILITIES**		
	Claims against the Company not acknowledged as debts		
	– Income tax matters	1,473,861,685	1,467,148,244
	– Sales tax matters	29,672,097	38,426,389
	– Service tax matters	45,518,889	43,679,644
	– Other matters	–	1,900,000
	Total	**1,549,052,671**	**1,551,154,277**

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

20(b) The Company has been sanctioned cash credit and letter of credit facilities of Rs. 200,000,000 (Rs. 200,000,000) by a bank. This facility is secured by first and exclusive charge on all existing and future receivable and current assets and second pari passu charge on moveable fixed assets of the Company. Amount outstanding towards these facilities on account of letter of credit as at year end is Rs. 728,727 (Previous year Rs. 743,712).

21. CAPITAL AND OTHER COMMITMENTS

(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed (net of capital advances)	5,740,170	4,320,980
(b) Other Commitments		
Lease termination cost - representing lock-in-period rental under rental agreements	68,385,224	68,854,207

(Figures in Rupees

		Year Ended March 31,2017	Year Ended March 31,2016
22.	**REVENUE FROM OPERATIONS**		
	Sale of services #	1,569,592,992	1,496,500,354
	Sale of products #	369,463,393	356,693,111
		1,939,056,385	1,853,193,465
	Other operating revenues	87,169	–
	# Skin care products and services		
	Total	**1,939,143,554**	**1,853,193,465**

NOTES TO STANDALONE FINANCIAL STATEMENTS

(Figures in Rupees

		Year Ended March 31, 2017	Year Ended March 31, 2016
23.	**OTHER INCOME**		
	Interest income		
	- On deposits with banks and others	29,187,069	23,418,364
	- On income tax refund	292,866	–
	- Others	30,559	65,243
		29,510,494	23,483,607
	Dividend income:		
	- On current investments	121,786	1,130,685
	Profit on sale of current investments (net)	66,281,005	91,327,924
	Liabilities written back to the extent no longer required (net)	1,828,588	6,947,265
	Provision for doubtful debts written back to the extent no longer required	2,744,535	–
	Fees for corporate guarantee (Refer note 35)	7,451,897	–
	Other non operating income	433,851	771,434
	Total	**108,372,156**	**123,660,915**
24.	**COST OF MATERIALS CONSUMED (Refer note 32(a))**		
	Raw materials consumed	63,356,176	63,426,213
	Packing materials consumed	61,478,098	66,910,980
	Total	**124,834,274**	**130,337,193**
25.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK–IN–PROCESS AND STOCK–IN–TRADE**		
	Stock at the end of the year:		
	- Work-in-process	4,440,212	684,246
	- Finished goods	78,502,645	85,754,627
	- Stock-in-trade	4,436,704	2,108,015
	Total A	87,379,561	88,546,888
	Stock at the beginning of the year:		
	- Work-in-process	684,246	8,548,215
	- Finished goods	85,754,627	54,417,565
	- Stock-in-trade	2,108,015	3,772,422
	Total B	88,546,888	66,738,202
	Changes in inventories (B - A)	**1,167,327**	**(21,808,686)**
26 .	**EMPLOYEE BENEFITS EXPENSES**		
	Salaries, wages and bonus	462,750,022	426,349,350
	Contribution to provident and other funds (Refer note 33(b))	25,363,893	21,846,250
	Gratuity (Refer note 33(c))	3,396,115	4,871,864
	Staff welfare expenses	41,173,937	35,779,340
	Employee stock option charge (Refer Note 3(e))	200,245	6,173,409
	Total	**532,884,212**	**495,020,213**

(Figures in Rupees)

		Year ended March 31, 2017	Year ended March 31, 2016
27.	**FINANCE COSTS**		
	Interest on:		
	Short term borrowings	44,431	8,369
	Others	81,184	27,528
	Total	**125,615**	**35,897**
28.	**OTHER EXPENSES**		
	Consumption of consumables and stores and spare parts (Refer note 32(b))	322,824,626	281,936,775
	Contract manufacturing expenses	31,524,697	35,583,853
	Contract labour charges	34,436,257	19,065,066
	Payments to consultants	206,030,326	186,693,785
	Electricity expenses	32,451,348	39,001,708
	Rent (Refer note 36)	336,973,839	334,147,595
	Repairs and maintenance:		
	- Plant and machinery	6,850,945	2,330,472
	- Building	95,266,618	84,212,728
	- Others	36,422,716	25,001,064
		138,540,279	111,544,264
	Insurance	3,392,438	3,687,181
	Rates and taxes	14,498,013	23,914,496
	Travelling, conveyance and vehicle expenses	35,155,816	39,721,232
	Auditors' remuneration:		
	- Statutory audit fees (including limited review)	2,957,212	2,800,000
	- Tax audit fees	258,788	250,000
	- for other services as statutory auditors	266,528	100,000
	- Out of pocket expenses	108,500	79,500
		3,591,028	3,229,500
	Directors' sitting fees	4,221,000	4,217,000
	Legal and professional charges	31,079,820	33,998,502
	Printing, stationery and communication expenses	27,875,660	24,374,254
	Advertisement and sales promotion	168,486,499	153,352,530
	Freight forwarding and distribution expenses	1,512,176	2,332,475
	Net loss on foreign currency transactions and translation	936,605	104,675
	Bank charges	18,810,561	17,548,291
	Provision for doubtful debts	–	2,000,000
	Loss on sale / discarding of assets (net)	5,580,625	6,908,833
	Miscellaneous expenses	34,368,786	33,143,985
	Total	**1,452,290,399**	**1,356,506,000**

(Figures in Rupees)

		Year ended March 31, 2017	Year ended March 31, 2016
29.	**CIF VALUE OF IMPORTS**		
	Raw materials	18,366,611	43,987,280
	Packing materials	39,351,313	46,489,989
	Consumables	4,220,366	4,855,167
	Capital goods	11,827,127	54,695,836
	Total	**73,765,417**	**150,028,272**
30.	**EXPENDITURE IN FOREIGN CURRENCY**		
	Travelling, conveyance and vehicle expenses	108,906	65,710
	Legal and professional charges	53,022	–
	Advertisement and sales promotion	1,102,967	205,461
	Director sitting fees	818,000	458,000
	Communication expenses	1,524,836	600,001
	Others	15,358	168,844
	Total	**3,623,089**	**1,498,016**
31.	**EARNINGS IN FOREIGN CURRENCY**		
	Revenue from exports on FOB Basis	8,519,276	9,020,077
	Corporate guarantee fees	7,451,897	–
	Sale of goods and services	35,704,760	27,643,134
	Total	**51,675,933**	**36,663,211**
32.	**DETAILS OF CONSUMPTION AND PURCHASES**		
	(a) Details of Raw material / Packing material consumed: @		
	Chemicals	63,356,176	63,426,213
	Packing materials	61,478,098	66,910,980
	Total	**124,834,274**	**130,337,193**

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

(b) Value of imported and indigenous materials consumed:

	March 31, 2017		March 31, 2016	
Raw Materials	**Amount**	**%**	**Amount**	**%**
Imported	22,252,106	35%	40,890,816	64%
Indigenous	41,104,070	65%	22,535,397	36%
Total	**63,356,176**	**100%**	**63,426,213**	**100%**
Consumables, Stores And Spare Parts:				
Imported	1,167,397	0.36%	4,248,494	2%
Indigenous	321,657,229	99.64%	277,688,281	98%
Total	**322,824,626**	**100%**	**281,936,775**	**100%**
(c) Purchases of stock-in-trade:				
Skin care products (Indigenous)	7,217,076		6,042,220	
Total	**7,217,076**		**6,042,220**	

33. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 – EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

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

b) Defined contribution plan:

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

(Figures in Rupees)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to provident fund	20,874,896	18,991,628
Contribution to employee state insurance contribution	4,455,360	2,838,342
Contribution to labour welfare fund	33,637	16,280
Total	**25,363,893**	**21,846,250**

c) Defined benefit plans (Gratuity funded):

(Figures in Rupees)

		March 31, 2017	March 31, 2016
I.	Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
	Discount rate	6.57%	7.38%
	Rate of return on plan assets *	6.57%	7.38%
	Salary escalation rate **	8.00%	11.00%
	Attrition rate	23% and 41%	14% and 35%
	* The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations. ** The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		
II.	Change in defined benefit obligations:		
	Liability at beginning of the year	18,599,157	16,781,424
	Interest cost	1,372,617	1,344,191
	Current service cost	3,204,377	2,312,965
	Benefits paid	(7,513,749)	(3,693,776)
	Actuarial (gain) / loss on obligations	(142,318)	1,854,353
	Liability at the end of the year	**15,520,084**	**18,599,157**

(Figures in Rupees)

		March 31, 2017	March 31, 2016
III.	Fair value of plan assets:		
	Fair value of plan assets at the beginning of the year	9,132,659	8,493,014
	Expected return on plan assets	673,990	680,290
	Actuarial gain / (losses) on plan assets	364,571	(40,645)
	Fair value of plan assets at the end of the year	**10,171,220**	**9,132,659**
IV.	Actual return on plan assets:		
	Expected return on plan assets	673,990	680,290
	Actuarial gains / (losses) on plan assets	364,571	(40,645)
	Actual return on plan assets	**1,038,561**	**639,645**
V.	Amount recognised in the Balance Sheet:		
	Liability at the end of the year	15,520,084	185,99,157
	Less: Fair value of plan assets at the end of the year	10,171,220	9,132,659
	Liability recognised in the Balance Sheet	**5,348,864**	**9,466,498**
VI.	Percentage of each category of plan assets to total fair value of plan assets:		
	Insurer managed funds	100%	100%
VII.	Expense recognised in the Statement of Profit and Loss:		
	Current service cost	3,204,377	2,312,965
	Interest cost	1,372,617	1,344,191
	Expected return on plan assets	(673,990)	(680,290)
	Net actuarial (gain) / loss to be recognized	(506,889)	1,894,998
	Expense recognised in Statement of Profit and Loss	**3,396,115**	**4,871,864**
VIII.	Balance Sheet reconciliation:		
	Opening net liability	9,466,498	8,288,410
	Expenses as above	3,396,115	4,871,864
	Benefits paid	(7,513,749)	(3,693,776)
	Closing net liability	**5,348,864**	**9,466,498**
IX.	Expected contribution for next year:		
	As per actuarial valuation report	7,949,114	11,831,027

		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
X	Experience adjustments:					
	On plan liability (gain) / Loss	1,834,822	456,380	1,006,382	2,394,204	367,900
	On plan assets (gain) / Loss	364,571	40,645	640,876	–	–

XI	Closing net liability (as above)		
	Classified as short–term	5,348,864	9,466,498
	Classified as long–term	–	–

d) Compensated Absences:

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

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

The amount of the provision of Rs. 17,210,339 (Previous Year – Rs. 15,081,112) is presented as current liability, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

34. SEGMENT REPORTING:

Primary Segment:

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

Secondary Segment:

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

35. DISCLOSURES AS PER AS – 18 'RELATED PARTY DISCLOSURES'

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

(i)	Subsidiaries:	KME Holding Pte Limited DIPL Singapore Pte Limited (Erstwhile known as DRx Investments Pte. Ltd.) (upto January 19, 2016) Kaya Middle East FZE Kaya Middle East DMCC (with effect from May 9, 2015) Iris Medical Centre LLC (with effect from January 18, 2016) Minal Medical Centre LLC (with effect from December 5, 2016) Minal Specialised Clinic Dermatology LLC (with effect from December 5, 2016)
(ii)	Joint Venture of a subsidiary:	Kaya – Al Beda JV (with effect from January 28, 2016)
(iii)	Key managerial personnel:	Mr. Harsh Mariwala – Chairman and Managing Director
(iv)	Enterprises over which KMP or their relative have significant influence and transactions have taken place:	Marico Limited Soap Opera

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

(Figures in Rupees)

Particulars	Enterprises over which KMP or their relative have significant Influence		Subsidiaries		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Transactions during the year						
Sale of goods	–	–	8,519,276	9,020,077	8,519,276	9,020,077
Purchase of goods	6,122,703	3,280,372	–	–	6,122,703	3,280,372
Corporate Guarantee Fees	–	–	7,451,897	–	7,451,897	–
Reimbursement of costs	–	–	11,042,855	10,684,304	11,042,855	10,684,304
Reimbursement of expenses paid by Company on behalf of	–	–	–	2,753,559	–	2,753,559
Legal and Professional charges	137,781	4,571,944	–	–	137,781	4,571,944
Reimbursement of expenses incurred for the company (electricity and others)	5,942,868	6,011,815	46,230	–	5,989,098	6,011,815
Rent Paid	9,124,374	7,602,343	–	–	9,124,374	7,602,343
Security Deposit for Rented premises	–	1,000,000	–	–	–	1,000,000
Investment Made	–	–	–	870,000	–	870,000
Balances Receivable/(Payable) as at the year end						
Investment	–	–	435,111,000	435,111,000	435,111,000	435,111,000
Trade Payables	(3,873,203)	(8,472,020)	–	–	(3,873,203)	(84,72,020)
Trade Receivables	–	–	3,283,234	–	3,283,234	–
Short term loans and advances	–	–	29,110,994	11,916,124	29,110,994	11,916,124
Security Deposits	1,000,000	1,000,000	–	–	1,000,000	1,000,000

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

(Figures in Rupees)

Particulars	**Transactions**	
	March 31, 2017	**March 31, 2016**
Sale of goods		
Kaya Middle East FZE	8,519,276	90,20,077
Purchase of goods		
Marico Limited	990,349	2,894,889
Soap Opera	5,132,354	385,483
Corporate Guarantee Fees		
Kaya Middle East FZE	2,647,352	–
Kaya Middle East DMCC	4,804,545	–
Reimbursement of costs		
KME Middle East FZE	10,467,749	10,684,304
Kaya Middle East DMCC	575,106	–
Reimbursement of expenses incurred by the company on behalf of		
Kaya Middle East FZE	–	2,753,559
Legal and Professional charges		
Marico Limited	137,718	4,571,944
Reimbursement of expenses incurred for the Company (electricity and others)		
Marico Limited	5,942,868	6,011,815
Kaya Middle East FZE	46,230	–
Rent paid		
Marico Limited	9,124,374	7,602,343
Security Deposit for Rented premises		
Marico Limited	–	1,000,000
Investments made		
Kaya Middle East DMCC	–	870,000

Balances Receivable / (Payable)	**As at March 31, 2017**	**As at March 31, 2016**
Short - term loans and advances		
Kaya Middle East FZE	23,971,096	11,916,124
Kaya Middle East DMCC	5,139,898	–
Security Deposits		
Marico Limited	1,000,000	1,000,000
Trade Receivables		
Kaya Middle East FZE	3,283,234	3,318,174
Trade Payables		
Marico Limited	(2,937,232)	(8,472,020)
Soap Opera	(935,971)	–
Non - current Investments		
Kaya Middle East DMCC	870,000	870,000
KME Holding Pte Ltd	434,241,000	434,241,000

Corporate Guarantee given on behalf of Kaya Middle East DMCC as at March 31, 2017 is Rs. 343,889,029 (As at March 31, 2016 Nil).

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

Loans and Advances in the nature of loans to subsidiaries:

(Figures in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Loans to subsidiary: Kaya Middle East FZE		
Balance as at the year end	23,971,096	11,916,124
Maximum amount outstanding at any time during the year	23,971,096	11,916,124
Loans to subsidiary: Kaya Middle East DMCC		
Balance as at the year end	5,139,898	–
Maximum amount outstanding at any time during the year	5,139,898	–

36. OPERATING LEASES:

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

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

(Figures in Rupees)

Particulars	March 31, 2017	March 31, 2016
Lease payments recognized in the Statement of Profit and Loss during the year*	336,973,839	334,147,595
Future minimum lease rentals payments payable:		
– not later than one year	43,605,327	38,651,022
– later than one year but not later than five years	24,779,897	30,203,186
– later than five years	–	–
	68,385,224	**68,854,208**

*Including Contingent Rent Rs. 1,940,134 (Rs. 1,604,995)

37. EARNINGS PER SHARE:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Loss as per the Statement of Profit and Loss / Loss available to equity shareholders (Rs.) [A]	(177,555,440)	**(86,242,622)**
Equity shares outstanding as at the year end	13,022,564	12,897,100
Weighted average number of equity shares used as denominator for calculating basic earnings per share [B]	12,965,245	12,897,100
Weighted average number of equity shares used as denominator for calculating diluted earnings per share[C]	12,973,258	12,922,899
Nominal value per equity share (Rs.)	10	10
Basic earnings / (loss) per equity share (Rs.) [A/B]	**(13.69)**	**(6.69)**
Diluted earnings / (loss) per equity share (Rs.) [A/C] *	**(13.69)**	**(6.69)**

* Since the earnings/(loss) per share computation based on diluted weighted average number of shares is anti-dilutive, the basic and diluted earnings/(loss) per share is the same.

NOTES TO STANDALONE FINANCIAL STATEMENTS

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

	March 31, 2017	March 31, 2016
Number of shares considered as basic weighted average shares outstanding	12,965,245	12,897,100
Add: Effect of dilutive stock options	8,013	25,799
Number of shares considered as weighted average shares and potential share outstanding	12,973,258	12,922,899

38. There are no deferred tax liabilities as at the year end. Deferred tax assets has not been recognised on carried forward business loss, unabsorbed depreciation and other item of deferred tax assets, as there is no virtual certainty of its realization on account of the losses incurred by the Company.

39 (a) DERIVATIVE TRANSACTIONS:

The Company has not entered into derivative transactions during the year. Net foreign currency exposure not hedged as at the year end were as under: -

Particulars	Foreign currency amount			Equivalent amount in Rupees	
	Currency	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Trade payables	USD	120,548	16,993	7,827,483	1,127,206
	EURO	16,211	600	1,132,726	45,057
	AED	2,913	3,920	51,423	70,567
Short-term loans and advances	USD	574,898	348,515	37,329,577	23,118,266
	EURO	16,127	13,900	1,133,145	1,043,827
	AED	5,500	7,500	97,092	135,024
Long - term Loans and Advances	USD	26,475	93,763	1,719,088	6,219,539
Trade Receivables	USD	50,564	50,023	3,283,234	3,318,174

b) Financial Risk Management

The Company's activities expose it to market risk. In order to minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk management is predominately controlled by the finance department of the Company under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risks, use of derivative financial instruments and non-derivative financial instruments.

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	Management
Market Risk- Foreign Exchange	Future commitment transactions	Cash flow forecasting	Forward foreign exchange contracts

During the year; based on the evaluation of financial risks by the Board of Directors, no hedging was undertaken by the Company.

40. Disclosure in respect of Specified Bank Notes held and transacted:

Particulars	SBNs *	Other denomination	Total
Balance as at 8 November 2016	2,610,500	22,744	2,633,244
Less: Paid for permitted transactions	–	–	–
Less: Deposited in bank accounts	2,610,500	37,334,936	39,945,436
Less: Paid for non-permitted transactions (if relevant)	–	–	–
Add: Receipts for permitted transactions	–	39,655,925	39,655,925
Add: Receipts for non-permitted transactions (if relevant)	–	–	–
Closing balance as at 30 December 2016	–	2,343,733	2,343,733

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

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

Signatures to Note 1 to 41

As per our report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No. : 46061
Mumbai: May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai: May 3, 2017

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To the Members of Kaya Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of **Kaya Limited** ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint venture; (refer Note 1B to the attached Consolidated Financial Statements), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its joint venture as at March 31, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of one foreign subsidiary whose financial statements reflect total assets of Rs. 8,172.88 lacs and net liabilities of Rs. 167.04 lacs as at March 31, 2017, total revenue of Rs. 20,131.76 lacs, net profit of Rs. 1,752.71 lacs and net cash outflows amounting to Rs. 1,461.99 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by

other auditor whose reports has been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the report of the other auditor.

9. We did not audit the financial statements of five subsidiaries and a joint venture whose financial statements reflect total assets of Rs. 2,184.31 lacs and net assets of Rs. 1,790.41 lacs as at March 31, 2017, total revenue of Rs. 1,586.87 lacs, net profit of Rs. 176.28 lacs and net cash inflows amounting to Rs. 184.59 lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and a 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 such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
    (b) In our opinion, proper books of account as required by law maintained by the Holding Company, incorporated in India including relevant records relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and records of the Holding Company.
    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, incorporated in India including relevant records relating to the preparation of the Consolidated Financial Statements.
    (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company, incorporated in India, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group and joint venture – Refer Note 12 and Note 30(a) to the Consolidated Financial Statements.
        ii. The Group and joint venture had long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Group and joint venture does not have any derivative contracts as at March 31, 2017.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, incorporated in India during the year ended March 31, 2017.
        iv. In the Consolidated Financial Statements, holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, by the Holding Company incorporated in India has been requisitely disclosed. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company as produced to us by the Management – Refer Note 35.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants
Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May3, 2017

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Kaya Limited on the consolidated financial statements for the year ended March 31, 2017

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

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Kaya Limited (hereinafter referred to as "the Holding Company"), which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company, which is a company incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Uday Shah
Partner
Membership Number: 46061

Place : Mumbai
Date : May 3, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(Amount in Rs. Lacs)

	Note	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	**3**	1,302.26	1,289.71
Reserves and surplus	**4**	23,752.68	23,840.38
		25,054.94	**25,130.09**
MINORITY INTEREST		151.25	47.23
NON–CURRENT LIABILITIES			
Long-term borrowings	**5**	1,895.25	–
Deferred tax liabilities	**36**	–	–
Long-term provisions	**6**	1,196.11	1,158.05
Other long term liabilities	**7**	–	99.20
		3,091.36	**1,257.25**
CURRENT LIABILITIES			
Short-term borrowings	**8**	58.95	–
Trade payables	**9**		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,447.17	3,763.00
Other current liabilities	**10**	9,336.12	9,211.25
Short-term provisions	**11**	1,410.78	1,243.16
		14,253.02	**14,217.41**
Total		**42,550.57**	**40,651.98**
ASSETS			
NON – CURRENT ASSETS			
Fixed assets			
– Tangible assets	**12**	8,496.28	7,440.42
– Intangible assets	**12**	440.14	481.92
– Capital work-in-progress		154.15	244.25
		9,090.57	8,166.59
Goodwill on consolidation	**13**	10,507.16	7,006.17
Long-term loans and advances	**14**	4,398.63	2,403.48
Other non-current assets	**15**	27.33	16.70
		24,023.69	17,592.94
CURRENT ASSETS			
Current Investments	**16**	7,150.52	8,823.65
Inventories	**17**	5,017.48	5,294.26
Trade receivables	**18**	203.55	147.83
Cash and bank balances	**19**	1,562.55	2,777.79
Short-term loans and advances	**20**	4,410.32	5,887.79
Other current assets	**21**	182.46	127.72
		18,526.88	23,059.04
Total		**42,550.57**	**40,651.98**

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

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061
Mumbai : May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai : May 3, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. Lacs)

	Note	Year ended March 31, 2017	Year ended March 31, 2016
REVENUE :			
Revenue from operations	**22**	41,024.88	36,989.98
Other income	**23**	1,025.28	1,243.37
TOTAL REVENUE		**42,050.16**	38,233.35
EXPENSES:			
Cost of materials consumed	**24**	4,132.18	4,585.07
Purchases of stock-in-trade		72.17	151.95
Changes in inventories of finished goods, work-in-process and stock-in-trade - (Increase) / decrease	**25**	107.52	(806.00)
Employee benefits expenses	**26**	14,728.96	12,676.95
Finance costs	**27**	45.19	1.98
Depreciation and amortisation	**12**	2,007.06	1,694.12
Other expenses	**28**	20,974.57	19,043.53
TOTAL EXPENSES		**42,067.65**	**37,347.60**
(LOSS) / PROFIT BEFORE TAXATION		**(17.49)**	**885.75**
Tax expenses			
– Current tax		–	–
– Deferred tax		–	–
(LOSS) / PROFIT AFTER TAXATION AND BEFORE ADJUSTMENT FOR MINORITY INTEREST		**(17.49)**	**885.75**
LESS: SHARE OF PROFIT TRANSFERRED TO MINORITY INTEREST		**64.58**	**5.98**
(LOSS) / PROFIT FOR THE YEAR		**(82.07)**	**879.77**
(Loss) / Earnings per equity share: [Nominal Value per share: Rs. 10]	**33**		
Basic (loss) / earnings per share (Rs.)		(0.63)	6.82
Diluted (loss) / earnings per share (Rs.)		(1.45)	5.94

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

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061
Mumbai : May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai : May 3, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rs. Lacs)

	Year ended March 31, 2017	Year ended March 31, 2016
A CASH FLOW FROM OPERATING ACTIVITIES		
(LOSS) / PROFIT BEFORE TAXATION	(17.49)	885.75
Adjustments for:		
Depreciation and amortisation	2,007.06	1,694.12
Finance costs	45.19	1.98
Interest income	(315.33)	(240.67)
Dividend Income on current investments	(1.22)	(11.31)
Loss on sale / discarding of assets (net)	29.65	68.74
Liabilities written back to the extent no longer required	(18.29)	(69.47)
Employee stock option charge (Refer note 26)	2.00	61.73
Profit on sale of current investments (net)	(662.81)	(913.28)
Provision for doubtful debts written back to the extent no longer required	(27.50)	–
Provision for doubtful debts	–	20.00
	1,058.75	611.84
Operating profit before working capital changes	**1,041.26**	**1,497.59**
Adjustments for:		
Decrease / (Increase) in inventories	311.72	(1,946.00)
Increase in trade receivables	(28.22)	(122.84)
Increase in loans and advances and other current and non-current assets	(585.70)	(569.12)
(Decrease) / Increase in trade payables and other current and non-current liabilities and provisions	(1,348.30)	1,644.13
Changes in working capital	**(1,650.50)**	**(993.83)**
Cash generated from Operations	**(609.24)**	**503.76**
Taxes paid (net of refunds)	12.34	(23.44)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**(596.90)**	**480.32**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(Amount in Rs. Lacs)

		Year ended March 31, 2017	Year ended March 31, 2016
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(2,544.87)	(4,213.95)
	Sale of fixed assets	49.37	3.49
	(Purchase) / Sale of investments (net)	2,335.94	7,279.91
	Investments in Inter Corporate Deposits	–	(3,000.00)
	Aquisition of business	(4,167.70)	(742.93)
	Dividend paid to Minority Shareholders	(40.73)	–
	Increase in other bank balances	(36.15)	–
	Dividend income received	1.22	11.31
	Interest received	322.70	31.23
	NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(4,080.22)**	**(630.94)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share capital	376.39	–
	Interest paid	(45.19)	(1.98)
	Short-term borrowings taken (net of repayment)	58.95	–
	Long-term borrowings taken (net of repayment)	2,953.12	–
	NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	**3,343.27**	**(1.98)**
D	**Effect of exchange difference on translation of foreign currency cash and cash equivalents**	**54.70**	**134.18**
E	**NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS (A+B+C+D)**	**(1,279.15)**	**(18.42)**
F	Cash and cash equivalents - opening balance (Refer note 19)	2,777.79	2,763.02
G	Cash and cash equivalents - acquired pursuant to acquisition of business (Refer Note 1 B (ii))	27.76	33.19
H	**Cash and cash equivalents - closing balance (Refer note 19)**	**1,526.40**	**2,777.79**

Notes:

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

(b) The accompanying notes are an integral part of these consolidated financial statements.

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061
Mumbai : May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai : May 3, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1A. GENERAL INFORMATION

The Company, headquartered in Mumbai, Maharashtra, India, carries on Skin Care Business through its subsidiaries in India and Middle East and joint venture of a subsidiary in Middle East (together referred as 'Group').

1B. Subsidiaries / Joint venture considered in these Consolidated Financial Statements:

(i) List of subsidiary companies / Joint Venture :

Name of the Company	Holding Company	Country of Incorporation	Percentage of Ownership as at March 31	
			2017	2016
Kaya Middle East FZE	KME Holding Pte. Limited	U.A.E.	100	100
KME Holding Pte. Limited	Kaya Limited	Singapore	100	100
Kaya Middle East DMCC (with effect from May 9, 2015)	Kaya Limited	U.A.E.	100	100
IRIS Medical Centre LLC (with effect from January 18, 2016)	Kaya Middle East DMCC	U.A.E.	85*	85*
Minal Medical Centre LLC (with effect from December 5, 2016)	Kaya Middle East DMCC	U.A.E.	75*	NA
Minal Specialised Clinic Dermatology LLC (with effect from December 5, 2016)	Kaya Middle East DMCC	U.A.E.	75*	NA

* Includes 51% held by other shareholder, which has been assigned to Kaya Middle East DMCC by Memorandum of Association / Shareholders resolution.

(Amount in Rs. Lacs)

Interest in Joint Venture of a subsidiary (Kaya Middle East DMCC)	Location	Percentage of Interest as at March 31	
		2017	2016
Kaya - Al Beda JV (with effect from January 28, 2016)	Kuwait	49	49

(ii) The effect of the subsidiaries acquired during the year is as under:

(Amount in Rs. Lacs)

Name of the subsidiary acquired	For the year ended	Net profit / (loss)	Net assets
Minal Medical Centre LLC	March 31, 2017	138.53	198.79
Minal Specialised Clinic Dermatology LLC	March 31, 2017	69.49	195.59
Kaya Middle East DMCC	March 31, 2016	(130.36)	(132.94)
IRIS Medical Centre LLC	March 31, 2016	40.48	314.89

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Name of the Entity	Net Assets		Share in Profit	
	As a % of Consolidated net assets	Amount in Rs. Lacs	As a % of Consolidated profit	Amount in Rs. Lacs
Kaya Limited				
March 31, 2017	70.42%	17,750.71	10151.80%	(1,775.55)
March 31, 2016	76.05%	19,147.87	-97.94%	(867.53)
Kaya Middle East FZE				
March 31, 2017	24.16%	6,090.71	-10046.77%	1,757.18
March 31, 2016	17.82%	4,485.38	211.36%	1,872.17
KME Holding Pte. Ltd.				
March 31, 2017	14.23%	3,587.68	17.27%	(3.02)
March 31, 2016	15.14%	3,812.96	-0.10%	(0.86)
DIPL (Singapore) Pte. Ltd. (up January 18, 2016)				
March 31, 2017	NA	NA	NA	NA
March 31, 2016	0.00%	–	-0.19%	(1.67)
Kaya Middle East DMCC				
March 31, 2017	-0.72%	(181.42)	950.89%	(166.31)
March 31, 2016	-0.53%	(132.94)	-14.72%	(130.36)
IRIS Medical Centre LLC				
March 31, 2017	1.39%	349.73	-479.19%	83.81
March 31, 2016	1.25%	314.89	4.57%	40.48
Kaya - Al Beda JV				
March 31, 2017	-0.46%	(116.83)	597.66%	(104.53)
March 31, 2016	-0.02%	(5.70)	-1.75%	(15.48)
Minal Medical Centre LLC (From December 5,2016)				
March 31, 2017	0.79%	198.79	-792.05%	138.53
March 31, 2016	NA	NA	NA	NA
Minal Specialised Dermatology Clinic LLC (From December 5,2016)				
March 31, 2017	0.78%	195.59	-397.31%	69.49
March 31, 2016	NA	NA	NA	NA
Sub Total				
March 31, 2017		**27,874.96**		**(0.40)**
March 31, 2016		**27,622.46**		**896.75**
Inter - company Elimination and Consolidation Adjustments				
March 31, 2017	-10.59%	(2,668.77)	97.71%	(17.09)
March 31, 2016	-9.71%	(2,445.14)	-1.24%	(10.99)
Grand Total				
March 31, 2017		**25,206.19**		**(17.49)**
March 31, 2016		**25,177.32**		**885.76**
Minority Interest in subsidiaries				
March 31, 2017		151.25		64.58
March 31, 2016		47.23		5.98

Note: Negative amounts represent loss / net liability position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

These financial statements have been prepared in accordance with the generally accepted accounting principles in India ('GAAP') under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. The Ministry of Corporate Affairs (MCA) had notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2016 is applicable to accounting period commencing on or after the date of notification i.e. April 1, 2016. The impact of the change on account of these rules is not material to the financial statements of the Company.

Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

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

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

(i) Subsidiaries are consolidated from the date on which control is transferred to the group and are not consolidated from the date that control ceases. The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra-group balances and intragroup transactions and resulting unrealised profits have been eliminated.

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

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

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

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

(vi) Joint Venture of subsidiary has been accounted in the consolidated financial statements using the proportionate consolidation method whereby a venturer's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is accounted for on a prorata basis.

b) Use of Estimates:

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

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

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

Tangible assets and intangible assets are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment, if any. Cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Borrowing costs attributable to acquisition, construction of qualifying asset are capitalised until such time as the assets are substantially ready for their intended use. Elements of cost also include the initial estimate of the costs of restoring the site of leased premises, referred to as 'site restoration', the obligation for which the Company incurs when the premises are taken on lease.

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

d) Depreciation / amortization:

1) Tangible Assets

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

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

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

Assets	Useful Life
Computer hardware and related peripherals	3 to 5 years
Building	60 years
Plant and machinery	2 to 7 years
Furniture and fixtures (including leasehold improvements)	3 to 7 years
Vehicles	5 years
Other plant and equipments	2 to 7 years

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

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

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

(vi) Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost or impaired amount are recognised in the Statement of Profit and Loss.

2) Intangible assets

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

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

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

e) Impairment:

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

f) Investments:

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

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

g) Inventories:

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

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

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

h) Revenue recognition:

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

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

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

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

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

i) Retirement and other benefits to employees:

1) Long-term employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(iii) Compensated absences

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

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

j) Foreign currency transactions:

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

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

k) Accounting for taxes on income:

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

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

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

l) Assets taken on lease:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as expenditure in the Statement of Profit and Loss on a straight line basis over the lease term.

m) Provisions and Contingent Liabilities:

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

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

n) Utilisation of Securities Premium Reserve

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

o) Employee Share Based Payments

Equity stock options granted are accounted as per the accounting treatment prescribed by the Guidance Note on Employee Share–based Payments issued by the Institute of Chartered Accountants of India as required by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The intrinsic value of the option being excess of market value of the underlying share immediately prior to date of grant over its exercise price is recognised as deferred employee compensation with a credit to employee stock option outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion and credit to deferred employee compensation expense, equal to amortised portion of value of lapsed portion and the credit to deferred employee compensation expense equal to the un-amortised portion.

p) Cash and Cash Equivalents

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

q) Earnings Per Share

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

r) Segment Reporting

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

s) Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

(Amount in Rs. Lacs)

	As at March 31, 2017		As at March 31, 2016	
	Number of Shares	**Amount in Rs. Lacs**	**Number of Shares**	**Amount in Rs. Lacs**
3. SHARE CAPITAL				
(a) Share Capital				
(i) Authorised				
Equity shares of Rs. 10/– each	34,000,000	3,400.00	34,000,000	3,400.00
	34,000,000	3,400.00	34,000,000	3,400.00
(ii) Issued, subscribed and fully paid–up				
Equity shares of Rs. 10/– each fully paid–up	13,022,564	1,302.26	12,897,100	1,289.71
Total	**13,022,564**	**1,302.26**	**12,897,100**	**1,289.71**

(b) Reconciliation of number of shares:

	As at March 31,2017		As at March 31,2016	
	Number of Shares	Amount in Rs. lacs	Number of Shares	Amount in Rs. lacs
Balance as at the beginning of the year	12,897,100	1,289.71	–	–
Add: Shares alloted during the year#	–	–	12,897,100	1,289.71
Add: Shares issued during the year under Employee Stock Options plan (Refer Note 3(e))	125,464	12.55	–	–
Balance as at the end of the year	**13,022,564**	**1,302.26**	**12,897,100**	**1,289.71**

The Company had issued 12,897,100 equity shares of Rs. 10 each, fully paid-up, of the Company to the holders of equity shares of Marico Kaya Enterprises Limited (MAKE) pursuant to Scheme of Arrangement for Amalgamation of MAKE with the Company having appointed date April 1, 2014.

(c) Rights, preferences and restrictions attached to equity shares:

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

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Harsh C Mariwala with Kishore V Mariwala (As representatives of Valentine Family Trust)	1,467,520	11.27%	1,467,520	11.38%
Harsh C Mariwala with Kishore V Mariwala (As representatives of Aquarius Family Trust)	1,467,520	11.27%	1,467,520	11.38%
Harsh C Mariwala with Kishore V Mariwala (As representatives of Taurus Family Trust)	1,467,520	11.27%	1,467,520	11.38%
Harsh C Mariwala with Kishore V Mariwala (As representatives of Gemini Family Trust)	1,467,520	11.27%	1,467,520	11.38%

(e) Shares reserved for issue under options :

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) is March 31, 2016 and March 31, 2017, respectively. The Exercise Period is of one year from the vesting date. The Scheme is administered by the Board of Kaya Limited.

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

Compnay shall buy the shares so issued, at a price based on a pre-determined valuation methodology. The scheme is administered by the Board of Kaya Middle East FZE.

	As at March 31, 2017		As at March 31, 2016	
	Kaya ESOP 2014	KME ESOP	Kaya ESOP 2014	KME ESOP
Weighted average share price of options exercised	300	NA	NA	NA
Number of options granted, exercised, and forfeited				
Balance as at beginning of the year	130,914	22	135,771	22
Granted during the year	–	–	–	–
Less : Exercised during the year	125,464		–	
Forfeited / lapsed during the year	–	–	4,857	–
Balance as at end of the year	**5,450**	**22**	**130,914**	**22**

During the year, the Board of Directors of the Company has granted 253,893 stock options at Rs. 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.

Kaya ESOP 2016 - Scheme I	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average share price of options exercised	NA	NA
Number of options granted, exercised, and forfeited		
Balance as at beginning of the year	–	–
Granted during the year	253,893	–
Less : Exercised during the year	–	–
Forfeited / lapsed during the year	109,335	–
Balance as at end of the year	**144,558**	**–**

The Company has applied the intrinsic value based method of accounting for determining compensation cost for its stock based compensation plan and has accordingly accounted Rs. 2.00 lacs (Previous Year Rs. 61.73 lacs) as compensation cost under the 'intrinsic value' method (Refer note 26). Had the Company considered 'fair value' method for accounting of compensation cost, the Company's net income and Basic and Diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net (loss) / profit after tax as reported (Rs. in lacs)	(82.07)	879.77
Add : Stock-based employee compensation expense included in Net (loss) / profit (Rs. in lacs)	2.00	61.73
Less : Stock-based employee compensation expense as per Fair Value (Rs. in lacs)	106.60	104.60
Adjusted pro-forma (Rs. in lacs)	(186.67)	836.90
Basic (loss) / earnings per share as reported (Rs.)	(0.63)	6.82
Pro-forma basic (loss) / earnings per share (Rs.)	(1.44)	6.48
Diluted (loss) / earnings per share as reported (Rs.)	(1.45)	5.94
Pro-forma diluted (loss) / earnings per share (Rs.)	(2.25)	5.61

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

Particulars	Kaya ESOP 2016 - Scheme I	Kaya ESOP	KME ESOP
Risk-free interest rate (%)	7.13%	8.47%	3.76%
Expected life of options (years)	1.5 to 3.5	1.98	2.92
Expected volatility (%)	40.00%	65.00%	19.10%
Dividend yield	0.00%	0.00%	0.00%

(Amount in Rs. Lacs)

	As at March 31, 2017	As at March 31, 2016
4. RESERVES AND SURPLUS		
(a) Capital Reserve		
Balance as at the beginning of the year	2,652.82	2,652.82
Balance as at the end of the year	2,652.82	2,652.82
(b) Securities Premium		
Balance as at the beginning of the year	21,497.60	21,497.60
Add: Transferred from ESOP Reserve	92.38	–
Add: Receipt on exercise of Employee Stock Option	363.84	–
Balance as at the end of the year	21,953.82	21,497.60
(c) Foreign Currency Translation Reserve		
Balance as at the beginning of the year	259.98	(466.34)
Exchange (loss) / gain on translations during the year	(371.47)	726.32
Balance as at the end of the year	(111.49)	259.98
(d) Employee Stock Option Outstanding Account (Refer Note 3(e)):		
Balance as at the beginning of the year	94.39	32.66
Less: Transferred to Securities Premium Reserve	(92.38)	–
Add: Compensation for Employee Stock Option granted	2.00	61.73
Balance as at the end of the year	4.01	94.39
(e) Surplus / (Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(664.41)	(1,544.18)
(Loss) / Profit for the year	(82.07)	879.77
Balance as at the end of the year	(746.48)	(664.41)
	23,752.68	**23,840.38**

5. LONG-TERM BORROWINGS

Secured:		
Loan from a bank	1,895.25	–
Total	**1,895.25**	**–**

Nature of Security

Term Loan outstanding as at March 31, 2017 of Rs. 2,953.12 lacs (Previous Year Rs. Nil) is secured by following:

1. Assignment of contractual rights of credit card receivables from Merchant Bank
2. Assignment pledge and assignment over bank account and acknowledgement of assignment from KME
3. Corporate guarantees by Kaya Limited
4. Mortgage over property in Mazaya Business Avenue

Interest Rate & Terms of Repayment

Term Loan from a bank carries interest at LIBOR plus 2.75%. Original loan amount of USD 4.9 million is payable in 12 equal quarterly installments of USD 0.44 million along with interest commencing from November 29, 2016. Loan amount outstanding of USD 1.63 million as at March 31, 2017 is shown under Other current liabilities as Current maturities of long term debt (Refer Note 10).

(Amount in Rs. Lacs)

		As at March 31, 2017	As at March 31, 2016
6.	**LONG-TERM PROVISIONS**		
	Provision for Gratuity (Refer Note 37)	577.30	534.39
	Other provisions:		
	- Provision for equalisation of rent expenses (Refer Note (a) below)	583.61	588.06
	- Provision for site restoration cost (Refer Note (b) below)	35.20	35.60
	Total	**1,196.11**	**1,158.05**

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

b) Provision for site restoration cost:

Opening balance as at the beginning of the year	42.00	185.30
Additions during the year	–	3.60
Less: Provision utilised /written back during the year	(1.60)	(146.90)
Balance as at the end of the year	40.40	42.00
Classified as Non-current:	35.20	35.60
Classified as Current:	5.20	6.40
Total	**40.40**	**42.00**

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.

7.	**OTHER LONG TERM LIABILITIES**		
	Employee Deposit @	–	99.20
	Total	**–**	**99.20**

@ Employee Deposit comprise deposit from an employee stock option holder (interest free).
On excercise of the option, the deposit will be adjusted towards the excercise value. In case, the options are not excercised, the deposit will be refunded to the option holder.

8.	**SHORT TERM BORROWINGS**		
	Secured		
	From a Bank:		
	- Cash credit facility	58.95	–
	Total	**58.95**	**–**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs. Lacs)

		As at March 31, 2017	As at March 31, 2016
9.	**TRADE PAYABLES**		
	Total outstanding dues of micro enterprises and small enterprises	–	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises:		
	Trade payables	3,408.44	3,678.28
	Payable to a related party (Refer Note 39)	38.73	84.72
	Total	**3,447.17**	**3,763.00**

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

	As at March 31, 2017	As at March 31, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	–	–
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	–	–
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	–	–
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	–	–
Further ineterest remaining due and payable for earlier years.	–	–

10.	**OTHER CURRENT LIABILITIES**		
	Current maturities of Long term debt (Refer note 5)	1,057.87	–
	Advances from customers	6,689.48	7,350.05
	Book overdraft	66.65	29.21
	Statutory dues including provident fund and tax deducted at source	205.51	170.07
	Creditors for capital goods	106.24	90.92
	Employee benefits payable	811.81	1,415.47
	Employee Deposit @	97.02	–
	Payable to Co Venturer of a joint venture (Refer note 39)	114.10	50.73
	Others	187.44	104.80
	Total	**9,336.12**	**9,211.25**

@ Employee Deposit comprise deposit from an employee stock option holder (interest free).
On excercise of the option, the deposit will be adjusted towards the excercise value. In case, the options are not excercised, the deposit will be refunded to the option holder.

(Amount in Rs. Lacs)

		As at March 31, 2017	As at March 31, 2016
11.	**SHORT-TERM PROVISIONS**		
	Provision for employee benefits (Refer Note 37)		
	Gratuity	286.36	215.00
	Compensated absences	654.30	587.52
		940.66	802.52
	Other provisions		
	Provision for equalisation of rent expenses (Refer Note 6(a))	124.56	93.88
	Provision for site restoration cost (Refer Note 6(b))	5.20	6.40
	Other (Refer Note below)	340.36	340.36
		470.12	440.64
	Total	**1,410.78**	**1,243.16**

Note:

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

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

12. Fixed Assets

(Amount in Rs. Lacs)

	GROSS BLOCK					DEPRECIATION/ AMORTISATION					IMPAIRMENT			NET BLOCK
	As at April 1, 2016	Additions	Acquisition (Refer Note (b) below)	Deductions / Adjustments (Refer Note (a) below)	As at March 31, 2017	As at April 1, 2016	Acquisition (Refer Note (b) below)	For the year	Deductions / Adjustments (Refer Note (a) below)	Upto March 31, 2017	As at April 1, 2016	Deductions / Adjustments (Refer Note (a) below)	Upto March 31, 2017	As at March 31, 2017
Tangible assets														
Building	558.95	–	–	12.30	546.65	3.88	–	18.79	0.65	22.02	–	–	–	524.63
Plant and equipment	13,719.17	1,443.82	1,118.15	329.95	15,951.19	7,881.03	939.95	1,323.93	211.42	9,933.49	1,193.80	(26.97)	1,166.83	4,850.87
Furniture and fixtures	5,251.04	1,032.21	87.76	267.67	6,103.34	2,998.19	75.38	355.35	175.18	3,253.74	1,186.74	(31.54)	1,155.20	1,694.40
Vehicles	35.43	11.46	35.06	6.50	75.45	24.98	15.06	12.44	5.42	47.06	0.46	–	0.46	27.93
Office equipment	700.43	107.94	48.97	15.44	841.90	465.30	34.53	44.68	8.31	536.20	94.52	(3.19)	91.33	214.37
Leasehold improvements	1,247.03	337.12	–	21.23	1,562.92	211.05	–	159.94	3.83	367.16	11.68	–	11.68	1,184.08
Total – A	**21,512.05**	**2,932.55**	**1,289.94**	**653.09**	**25,081.45**	**11,584.43**	**1,064.92**	**1,915.13**	**404.81**	**14,159.67**	**2,487.20**	**(61.70)**	**2,425.50**	**8,496.28**
Intangible assets														
Goodwill	269.89	–	–	5.94	263.95	54.62	–	38.88	2.37	91.13	–	–	–	172.82
Computer software	538.49	55.52	–	4.45	589.56	258.34	–	53.05	2.37	309.02	13.50	(0.28)	13.22	267.32
Total – B	**808.38**	**55.52**		**10.39**	**853.51**	**312.96**	**–**	**91.93**	**4.74**	**400.15**	**13.50**	**(0.28)**	**13.22**	**440.14**
Total – A + B	**22,320.43**	**2,988.07**	**1,289.94**	**663.48**	**25,934.96**	**11,897.39**	**1,064.92**	**2,007.06**	**409.55**	**14,559.82**	**2,500.70**	**(61.98)**	**2,438.72**	**8,936.42**

Notes:

a) Deductions / adjustments of Gross block, depreciation / amortisation and impairment includes translation difference of Rs. 103.09 lacs.

b) During the year, Kaya Middle East DMCC acquired Minal Medical Centre LLC and Minal Specialised Dermatology Clinic LLC, two subsidiaries, under sale and purchase agreement for an aggregate consideration of Rs. 4,167.70 lacs (AED 225.00 lacs). The excess of consideration paid over net assets taken over resulted in goodwill on consolidation of Rs. 3,927.16 lacs. (Refer Note 13)

12. Fixed Assets

(Amount in Rs. Lacs)

	GROSS BLOCK					DEPRECIATION/ AMORTISATION					IMPAIRMENT			NET BLOCK
	As at April 1, 2015	Additions	Acquisition (Refer Note (b) below)	Deductions / Adjustments (Refer Note (a) below)	As at March 31, 2016	As at April 1, 2015	Acquisition (Refer Note (b) below)	For the year	Deductions / Adjustments (Refer Note (a) below)	Upto March 31, 2016	As at April 1, 2015	Deductions / Adjustments (Refer Note (a) below)	Upto March 31, 2016	As at March 31, 2016
Tangible assets														
Building	–	552.07	–	(6.88)	558.95	–	–	3.83	(0.05)	3.88	–	–	–	555.07
Plant and equipment	11,478.46	2,146.50	255.09	160.88	13,719.17	6,941.42	56.84	1,092.50	209.73	7,881.03	1,199.82	(6.02)	1,193.80	4,644.34
Furniture and fixtures	4,706.92	357.35	127.83	(58.94)	5,251.04	2,628.68	33.54	299.30	(36.67)	2,998.19	1,174.64	12.10	1,186.74	1,066.11
Vehicles	30.59	6.98	–	2.14	35.43	19.63	–	6.88	1.53	24.98	–	0.46	0.46	9.99
Office equipment	606.12	78.80	23.82	8.31	700.43	441.74	4.99	60.23	41.66	465.30	103.03	(8.51)	94.52	140.61
Leasehold improvements	875.84	505.08	–	133.89	1,247.03	134.58	–	166.48	90.01	211.05	11.68	–	11.68	1,024.30
Total – A	**17,697.93**	**3,646.78**	**406.74**	**239.40**	**21,512.05**	**10,166.05**	**95.37**	**1,629.22**	**306.21**	**11,584.43**	**2,489.17**	**(1.97)**	**2,487.20**	**7,440.42**
Intangible assets														
Trademarks and copyrights	1.52	–	–	1.52	–	0.45	–	–	0.45	–	–	–	–	–
Goodwill	254.61	–	–	(15.28)	269.89	15.16	–	38.08	(1.38)	54.62	–	–	–	215.27
Computer software	262.86	275.00	–	(0.63)	538.49	232.16	–	26.82	0.64	258.34	13.50	–	13.50	266.65
Total – B	**518.99**	**275.00**	**–**	**(14.39)**	**808.38**	**247.77**	**–**	**64.90**	**(0.29)**	**312.96**	**13.50**	**–**	**13.50**	**481.92**
Total – A + B	**18,216.92**	**3,921.78**	**406.74**	**225.01**	**22,320.43**	**10,413.82**	**95.37**	**1,694.12**	**305.92**	**11,897.39**	**2,502.67**	**(1.97)**	**2,500.70**	**7,922.34**

Notes:

a) Deductions / adjustments of Gross block, depreciation / amortisation and impairment includes translation difference of Rs. 155.11 lacs.

b) During the year, Kaya Middle East DMCC acquired IRIS Medical Centre LLC, a subsidiary, under sale and purchase agreement for an aggregate consideration of Rs. 766.57 lacs (AED 42.50 lacs). The excess of consideration paid over net assets taken over resulted in goodwill on consolidation of Rs. 505.57 Lacs. (Refer Note 13)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		As at March 31, 2017	As at March 31, 2016
13.	**GOODWILL ON CONSOLIDATION**		
	Balance as at the beginning of the year	7,006.17	5,914.44
	Add: Translation difference	(426.17)	586.16
	Add: Goodwill on Acquisition (Refer Note 1 (b) (ii) and 12 (b))	3,927.16	505.57
	Total	**10,507.16**	**7,006.17**
14.	**LONG-TERM LOANS AND ADVANCES**		
	(Unsecured and considered good, unless otherwise stated)		
	Capital advances	104.53	325.25
	Security deposits	1,996.69	1,930.05
	Deposits with Government Authorities	72.14	12.84
	Advance given to a co venturer of a joint venture (Refer note 39)	27.82	–
	Loans and advances to employees	4.97	–
	Inter corporate deposits [including Interest accrued Rs. 135.30 lacs (Previous Year Rs. Nil)]	2,135.30	–
	Prepaid expenses	24.90	90.72
	Income tax payments (Net of provision for income tax Rs. 555.00 lacs (Previous year Rs. 555.00 lacs))	32.28	44.62
	Total	**4,398.63**	**2,403.48**
15.	**OTHER NON–CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Term deposits with banks with maturity period more than 12 months @	26.37	15.54
	Interest accrued on long-term deposits with banks	0.96	1.16
	Total	**27.33**	**16.70**
	@ Term deposits with banks includes:		
	- Amount deposited with sales tax authorities	2.88	0.72
	- Held as lien by Bank against guarantees issued on behalf of the Company.	23.49	14.82

(Amount in Rs.Lacs)

		As at March 31, 2017	As at March 31, 2016
16.	**CURRENT INVESTMENTS** (at lower of cost and fair market value)		
	Non-trade Short Term Investments:		
	HDFC Short Term Plan-Reg-Growth 4,917,369 (NIL) Units of Rs. 10 each fully paid	1,590.41	–
	ICICI Prudential Money Market Fund-Growth 169,431 (NIL) Units of Rs. 100 each fully paid	379.81	–
	Invesco India Medium Term Bond Fund - Growth 91,578 (NIL) Units of Rs. 1,000 each fully paid	1,515.25	–
	Kotak Bond-Short Term-Growth 5,055,363 (NIL) Units of Rs. 10 each fully paid	1,548.85	–
	Reliance Corporate Bond Fund - Growth 12,465,815 (NIL) Units of Rs. 10 each fully paid	1,631.85	–
	UTI Money Market Fund-IP-Growth 26,701 (NIL) Units of Rs. 1,000 each fully paid	484.35	–
	Edelweiss Liquid Fund - Super Institutional plan daily dividend @ 0.4 (NIL) Unit of Rs. 10 each fully paid	–	–
	SBI Magnum Insta Cash Fund Liquid Floater -Regular Plan-Growth NIL (39,184) Units of Rs. 1,000 each fully paid	–	1,004.18
	DHFL Pramerica Low Duration Fund - Growth NIL (7,357,120) units of Rs. 10 each fully paid	–	1,500.44
	HDFC Liquid Fund-Growth NIL (1,379) Units of Rs. 1,000 each fully paid	–	41.13
	ICICI Prudential FMP Series 78-95 Days-Plan K-Cumulative NIL (15,000,000) Units of Rs. 10 each fully paid	–	1,500.00
	Kotak Liquid Scheme Plan A-Growth NIL (3,915) Units of Rs. 1,000 each fully paid	–	120.00
	Reliance Medium Term Fund - Growth NIL (47,91,054) Units of Rs. 10 each fully paid	–	1,500.48
	Religare Invesco Medium Term Bond Fund - Growth NIL (98,557) Units of Rs. 1,000 each fully paid	–	1,500.45
	SBI Magnum Insta Cash Fund -Regular Plan-Growth NIL (4,690) Units of Rs. 1,000 each fully paid	–	156.68
	UTI Floating Rate Fund-STP-Reg-growth NIL (61,445) Units of Rs. 1,000 each fully paid	–	1,500.29
	TOTAL	**7,150.52**	**8,823.65**
	Aggregate amount of unquoted investments (At cost)	**7,150.52**	**8,823.65**
	Aggregate amount of unquoted investments (At Net asset value)	**7,172.70**	**8,853.98**

@ The amount appears as Nil due to rounding off to lacs, the actual amount is Rs. 4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		As at March 31, 2017	As at March 31, 2016
17.	**INVENTORIES**		
	(Refer note 2(g) for basis of valuation)		
	Stores, spares and consumables	1,830.53	2,113.59
	Raw materials	416.43	374.93
	Packing materials	361.04	288.74
	Work-in-process #	44.40	6.84
	Finished goods #	2,320.71	2,489.08
	Stock-in-trade #	44.37	21.08
	Total	**5,017.48**	**5,294.26**
	# Skin care Products		
18.	**TRADE RECEIVABLES**		
	Unsecured, considered good :		
	Outstanding for a period exceeding 6 months from the date they are due for payment	–	3.26
	Others	203.55	144.57
		203.55	147.83
	Unsecured, considered doubtful :		
	Outstanding for a period exceeding 6 months from the date they are due for payment	1.61	29.05
	Others	–	–
		1.61	29.05
	Less : Provision for doubtful debts	1.61	29.05
	Total	**203.55**	**147.83**
19.	**CASH AND BANK BALANCES**		
	Cash and cash equivalents:		
	Cash on hand	154.55	132.92
	Cheques on hand	4.92	–
	Bank balances:		
	In current accounts	1,366.93	2,644.87
	Other bank balances:		
	Term deposit with a bank with maturity more than three months but less than twelve months	36.15	–
	Total	**1,562.55**	**2,777.79**
20.	**SHORT–TERM LOANS AND ADVANCES**		
	(Unsecured and considered good, unless otherwise stated)		
	Receivable from a Related Party (Refer Note 39)	168.90	10.39
	Advances to suppliers	1,448.99	819.62
	Advance given to a party	–	318.34
	Balances with Government Authorities	62.89	104.18
	Security deposits	376.85	362.41
	Prepaid expenses	1,001.74	818.22
	Loans and advances to employees	283.63	244.84
	Inter corporate deposits including Interest accrued of Rs. 67.32 lacs (Previous Year Rs. 209.79 lacs)	1,067.32	3,209.79
	Total	**4,410.32**	**5,887.79**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		As at March 31, 2017	As at March 31, 2016
21.	**OTHER CURRENT ASSETS**		
	(Unsecured and considered good, unless otherwise stated)		
	Others	182.46	127.72
	Total	**182.46**	**127.72**
22.	**REVENUE FROM OPERATIONS**		
	Sale of services #	35,323.96	31,464.47
	Sale of productss #	5,679.77	5,520.23
		41,003.73	36,984.70
	Other operating revenues	21.15	5.28
	Total	**41,024.88**	**36,989.98**
	# Skin care products and services		
23.	**OTHER INCOME**		
	Interest income		
	- On deposits with banks and others	312.09	234.18
	- On income tax refund	2.93	–
	- Others	0.31	6.49
		315.33	240.67
	Dividend Income on current investments	1.22	11.31
	Profit on sale of current investments (net)	662.81	913.28
	Liabilities written back to the extent no longer required (net)	18.29	69.47
	Provision for doubtful debts written back to the extent no longer required	27.50	–
	Other non operating income	0.13	8.64
	Total	**1,025.28**	**1,243.37**
24.	**COST OF MATERIALS CONSUMED**		
	Raw materials consumed	3,517.40	3,915.96
	Packing materials consumed	614.78	669.11
	Total	**4,132.18**	**4,585.07**

(Amount in Rs.Lacs)

		Year ended March 31, 2017	Year ended March 31, 2016
25.	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE**		
	Stock at the end of the year		
	- Work-in-process	44.40	6.84
	- Finished goods	2,320.71	2,489.08
	- Stock-in-trade	44.37	21.08
	Total (A)	**2,409.48**	**2,517.00**
	Stock at the beginning of the year		
	- Work-in-process	6.84	85.48
	- Finished goods	2,489.08	1,587.80
	- Stock-in-trade	21.08	37.72
	Total (B)	**2,517.00**	**1,711.00**
	Changes in inventories (B - A)	**107.52**	**(806.00)**
26.	**EMPLOYEE BENEFITS EXPENSES**		
	Salaries, wages and bonus	13,282.76	11,401.24
	Contribution to provident and other funds	253.64	218.46
	Employee stock option charge (Refer note 3(e))	2.00	61.73
	Gratuity (Refer Note 37)	244.41	202.04
	Staff welfare expenses	946.15	793.48
	Total	**14,728.96**	**12,676.95**
27.	**FINANCE COSTS**		
	Interest on borrowings	44.38	0.08
	Others	0.81	1.90
	Total	**45.19**	**1.98**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Rs.Lacs)

		Year ended March 31, 2017	Year ended March 31, 2016
28.	**OTHER EXPENSES**		
	Consumption of consumables and stores and spare parts	3,310.58	2,820.83
	Contract manufacturing expenses	315.25	355.84
	Contract Labour Charges	344.36	190.65
	Payments to consultants	2,060.30	1,870.30
	Electricity expenses	421.93	459.98
	Rent (Refer Note 32)	5,196.19	4,730.98
	Repairs and maintenance:		
	-Plant and machinery	248.65	194.28
	-Building	1,048.39	953.59
	-Others	515.58	294.76
		1,812.62	1,442.63
	Insurance	63.81	53.14
	Rates and taxes	328.06	394.83
	Travelling, conveyance and vehicle expenses	935.87	945.44
	Legal and professional charges	1,509.57	1,427.91
	Directors' sitting fees	42.21	42.17
	Printing, stationery and communication expenses	607.15	551.52
	Advertisement and sales promotion	2,858.22	2,600.41
	Bank charges	491.43	431.34
	Freight forwarding and distribution expenses	37.36	69.59
	Provision for doubtful debts	–	20.00
	Net loss on foreign currency transactions and translation	9.66	9.74
	Loss on sale / discarding of assets (net)	29.65	68.74
	Miscellaneous expenses	600.35	557.49
	Total	**20,974.57**	**19,043.53**
29.	**CONTINGENT LIABILITIES:**		
	Claims against the Company not acknowledged as debts		
	- Income tax matters	14,751.96	14,671.48
	- Sales tax matters	296.72	384.26
	- Service tax matters	455.19	436.80
	- Other matters	23.29	19.00
	Total	**15,527.16**	**15,511.54**

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

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

Limit available for cash credit and letter of credit	2,000.00	2,000.00
Amount outstanding towards the facilities on account of letter of credit	7.29	7.44

(Amount in Rs.Lacs)

	Year ended March 31, 2017	Year ended March 31,2016
30. CAPITAL AND OTHER COMMITMENTS		
(a) Capital Commitments:		
Estimated value of contracts in capital account remaining to be executed (net of capital advances)	57.40	43.21
(b) Other Commitments:		
Lease termination cost - representing lock-in-period rental under rental agreements	683.85	688.54
Total	**741.25**	**731.75**

31. A. DERIVATIVE TRANSACTIONS:

The Group has entered into derivative transactions during the year. Net foreign currency exposure not hedged as at the year end were as under:-

Particulars	Foreign currency amount			Equivalent amount in Rupees in Lacs	
	Currency	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Trade payables	USD	120,548	29,693	78.27	19.69
	EURO	16,211	600	11.33	0.45
	AED	2,913	3,920	0.51	0.71
Bank balances	USD	1,397	977,647	0.91	648.30
Long -term Loans and Advances	USD	26,475	93,763	17.19	62.20
Short-term advances	USD	126,571	168,876	82.19	112.02
	EURO	16,127	13,900	11.27	10.44
	AED	5,500	7,500	0.97	1.35

B. Financial Risk Management

The Group's activities expose it to market risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

Risk management is predominately controlled by the finance department of the Company under policies approved by the Board of Directors. The finance department identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risks, use of derivative financial instruments and non-derivative financial instruments.

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	Management
Market Risk- Foreign Exchange	Future commitment transactions	Cash flow forecasting	Forward foreign exchange contracts
Market Risk – Interest Risk	Long term borrowings at variable rates	Sensitivity analysis	Interest rate swap

During the year; based on the evaluation of finance risks by the Board of Directors, no hedging was undertaken by the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

32. ADDITIONAL INFORMATION FOR ASSETS TAKEN ON LEASE:

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

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

(Amount in Rs. Lacs)

	As at March 31, 2017	As at March 31, 2016
Lease payments recognized in the Statement of Profit and Loss during the year *	5,196.19	4,730.98
Future minimum lease rentals payments payable:		
- not later than one year	436.05	386.51
- later than one year but not later than five years	247.80	302.03
- later than five years	–	–

*Including Contingent Rent Rs. 19.40 lacs (Previous Year: Rs 16.05 lacs)

33. EARNINGS PER SHARE

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(Loss) / Profit as per the Statement of Profit and Loss / (Loss) / Profit attributable to equity shareholders (Amount in Rs. Lacs) [A]	(82.07)	879.77
Less: Dilutive effect of ESOPs issued by Kaya Middle East FZE (Refer Note 3(e)) (Amount in Rs. Lacs)	105.43	112.33
Profit for the purpose of diluted EPS (Amount in Rs. Lacs) [B]	(187.50)	767.44
Equity shares outstanding as at the year end	13,022,564	12,897,100
Weighted average number of equity shares used as denominator for calculating basic earnings per share [C]	12,965,245	12,897,100
Weighted average number of equity shares used as denominator for calculating diluted earnings per share[D]	12,973,258	12,922,899
Nominal value per equity share (Rs.)	10	10
Basic (loss) / earnings per equity share (Rs.) [A/C]	(0.63)	6.82
Diluted (Loss) / earnings per equity share (Rs.) [B/D]	(1.45)	5.94

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

	Year ended March 31, 2017	Year ended March 31, 2016
Number of shares considered as basic weighted average shares outstanding	12,965,245	12,897,100
Add: Effect of dilutive stock options	8,013	25,799
Number of shares considered as weighted average shares and potential share outstanding	12,973,258	12,922,899

34. SEGMENT INFORMATION

(i) Primary Segment:

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

(ii) Secondary Segment Information:

The Group has identified geographical markets as the Secondary segment:

Geographical Segments	Composition
All over India	Kaya Skin clinics, third party stores and skin bars in India
Middle East	Kaya Skin clinics in Middle East

(Amount in Rs. Lacs)

	India	Middle East	Total
March 31, 2017			
Revenue	19,306.24	21,718.64	41,024.88
Carrying amount of assets	32,161.10	10,357.20	42,518.30
Capital expenditure	1,338.11	2,939.90	4,278.01
March 31, 2016			
Revenue	18,441.73	18,548.25	36,989.98
Carrying amount of assets	30,286.08	10,321.28	40,607.36
Capital expenditure	2,412.28	1,916.24	4,328.52

35. DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES HELD AND TRANSACTED IN RESPECT OF COMPANIES INCORPORATED IN INDIA:

(Amount in Rs. Lacs)

Particulars	SBNs *	Other denomination	Total
Balance as at 8 November 2016	26.11	0.23	26.33
Less: Paid for permitted transactions	–	–	–
Less: Deposited in bank accounts	26.11	373.35	399.45
Less: Paid for non-permitted transactions (if relevant)	–	–	–
Add: Receipts for permitted transactions	–	396.56	396.56
Add: Receipts for non-permitted transactions (if relevant)	–	–	–
Closing balance as at 30 December 2016	–	23.44	23.44

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

36. DEFERRED TAX LIABILITIES

There are no deferred tax liabilities as at the year end. Deferred tax assets has not been recognised on carried forward business loss, unabsorbed depreciation and other item of deferred tax assets, as there is no virtual certainty of its realization on account of the losses incurred by the Company.

37. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 – EMPLOYEE BENEFITS

a) Brief descriptions of the plans:

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

b) Defined contribution plan:

The Group has recognised following amount as expenses and included in employees remuneration. (Refer note 26)

(Amount in Rs. Lacs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Contribution to provident fund	208.75	189.92
Contribution to employee state insurance contribution	44.55	28.38
Contribution to labour welfare fund	0.34	0.16
Total	**253.64**	**218.46**

c) Defined benefit plans (Gratuity):

(Amount in Rs.Lacs)

		March 31, 2017	March 31, 2016
I	Actuarial assumptions for Gratuity benefits and Compensated absence for employees:		
	Discount rate	4% to 6.57%	4% to 7.38%
	Rate of return on plan assets *	6.57%	7.38%
	Salary escalation rate **	5% to 8%	5% to 11%
	Attrition rate	20% to 41%	14% to 35%
	* The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligations. ** The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.		
II	Change in defined benefit obligations:		
	Liability at beginning of the year	840.71	691.25
	Interest cost	39.26	39.77
	Current service cost	188.91	158.11
	Benefits paid	(157.84)	(163.55)
	Liabilities acquired (Refer Note 1(B)(ii))	53.77	–
	Exchange difference	(16.54)	31.39
	Actuarial (gain) / loss on obligations	17.10	83.74
	Liability at the end of the year	**965.37**	**840.71**

(Amount in Rs.Lacs)

		March 31, 2017	March 31, 2016
III	Fair value of plan assets:		
	Fair value of plan assets at the beginning of the year	91.32	84.93
	Expected return on plan assets	6.74	6.80
	Actuarial gain / (losses) on plan assets	3.65	(0.41)
	Fair value of plan assets at the end of the year	**101.71**	**91.32**
IV	Actual return on plan assets:		
	Expected return on plan assets	6.74	6.80
	Actuarial gains / (losses) on plan assets	3.65	(0.41)
	Actual return on plan assets	**10.39**	**6.39**
V	Amount recognised in the Balance Sheet:		
	Liability at the end of the year	965.37	840.71
	Less: Fair value of plan assets at the end of the year	101.71	91.32
	Liability recognised in the Balance Sheet	**863.66**	**749.39**
VI	Percentage of each category of plan assets to total fair value of plan assets:		
	Insurer managed funds	100%	100%
VII	Expense recognised in the Statement of Profit and Loss:		
	Current service cost	188.91	158.11
	Interest cost	39.26	39.77
	Expected return on plan assets	(6.74)	(6.80)
	Net actuarial (gain) / loss to be recognized	38.30	51.87
	Exchange difference	(15.32)	(40.91)
	Expense recognised in Statement of Profit and Loss	**244.41**	**202.04**
VIII	Balance Sheet reconciliation:		
	Opening net liability	749.39	606.32
	Expenses as above	244.41	202.04
	Liabilities Acquired (Refer Note 1(B)(ii))	53.77	–
	Benefits paid	(157.84)	(163.55)
	Exchange difference	(26.07)	104.58
	Closing net liability	**863.66**	**749.39**
IX	Expected contribution for next year:		
	As per actuarial valuation report	79.49	118.31
X	Experience adjustments:		
	On plan liability (gain) / Loss	55.69	29.64
	On plan asset (gain) / Loss	3.65	0.41
XI	Closing net liability (as above)		
	Classified as short-term (Refer Note 11)	286.36	215.00
	Classified as long-term (Refer Note 6)	577.30	534.39

d) Compensated absences:

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

The leave obligations cover the Company's liability for sick and earned leave.

The amount of the provision of Rs. 654.30 lacs (Previous Year – Rs. 587.52 lacs) is presented as current liability, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

38. The proportionate share of the assets, liabilities, income and expenditure of the joint venture of a subsidiary company included in these consolidated financial statements is given below

JOINT VENTURE'S BALANCE SHEET

(Amount in Rs.Lacs)

	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES		
Shareholders' funds		
Capital	114.10	–
Reserves and surplus	(116.83)	(15.68)
	(2.73)	(15.68)
Current liabilities		
Trade and other paybles	198.18	136.80
Employee Benefits payables	2.42	–
	200.60	136.80
Total	**197.87**	**121.12**
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	150.25	118.85
Capital work-in-progress	3.20	0.68
	153.45	119.53
Current assets		
Inventories	20.15	1.59
Other Receivables	3.61	-
Cash and Cash Equivalents	20.66	-
	44.42	1.59
Total	**197.87**	**121.12**

JOINT VENTURE'S STATEMENT OF PROFIT AND LOSS

(Amount in Rs.Lacs)

	YEAR ENDED MARCH 31, 2017	PERIOD FROM JANUARY 28, 2016 TO MARCH 31, 2016
REVENUE :		
Revenue from operations	131.00	17.26
Other income	0.13	–
TOTAL REVENUE	**131.13**	**17.26**
EXPENSES:		
Cost of materials consumed	31.50	2.42
Employee benefits expenses	76.30	11.97
Depreciation and amortisation	20.77	2.96
Other expenses	107.09	15.39
TOTAL EXPENSES	**235.66**	**32.74**
LOSS BEFORE TAXATION	**(104.53)**	**(15.48)**
Tax expenses		
- Current tax	–	–
- Income tax	–	–
- Deferred tax	–	–
LOSS AFTER TAXATION	**(104.53)**	**(15.48)**

Share of Capital Commitment and Contingent Liabilities of Joint Venture.

	As at March 31, 2017	As at March 31, 2016
Capital Commitment related to joint venture	–	–
Contingent Liabilities related to joint venture	–	–

39. As per AS - 18 'Related Party disclosures'

a) Names of related parties and nature of relationship:

i) Key management personnel (KMP) :

Mr. Harsh Mariwala (Chairman and Managing Director)

ii) Enterprises over which KMP or their ralatives have significant influence and transactions have taken place during the year:

Marico Limited

Soap Opera

iii) Joint venture of a subsidiary:

Kaya - Al Beda JV (with effect from January 28, 2016)

b) Transactions during the year:

(Amount in Rs.Lacs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Marico Limited		
Rent	91.24	76.02
Reimbursement of expenses incurred for the Group	59.43	78.73
Purchase of goods	9.90	28.95
Legal and professional charges	1.38	45.72
Security Deposit for rented premises	–	10.00
Kaya - Al Beda JV		
Management Fees	20.28	5.28
Soap Opera		
Purchase of goods	51.32	3.85

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

(Amount in Rs.Lacs)

Particulars	As at March 31, 2017	As at March 31, 2016
Marico Limited		
Trade payables	(29.37)	(84.72)
Security deposits	10.00	10.00
Soap Opera		
Trade payables	(9.36)	–
Kaya - Al Beda JV		
Other current Liabilities	(114.10)	(50.73)
Long term loans and advances	27.82	–
Short term loans and advances	168.90	10.39

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

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

As per our attached report of even date.

For **Price Waterhouse**
Chartered Accountants
Firm Registration Number: 301112E

Uday Shah
Partner
Membership No.: 46061
Mumbai: May 3, 2017

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

Harsh Mariwala
Chairman and Managing Director
DIN : 00210342

Nikhil Khattau
Director and Chairman of Audit and Risk Committee
DIN : 00017880

Almas Badar
Company Secretary and Compliance officer
Mumbai: May 3, 2017

NOTES

Registered Office: Kaya Ltd.
23/C, Mahal Industrial Area, Opp. Andhra Bank, Mahakalli Caves Road,
Near Paper Box, Andheri (East), Mumbai- 400 093, India.

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