

B S R & Co. LLP

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Independent Auditors' Report

To the Board of Directors of Kaya Limited

Report on the audit of the Standalone Annual Financial Results

Opinion

We have audited the accompanying standalone annual financial results of Kaya Limited (hereinafter referred to as the "Company") for the year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone annual financial results:

- a. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India, of the net loss and other comprehensive loss and other financial information for the year ended 31 March 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Annual Financial Results* section of our report. We are independent of the Company, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion on the standalone annual financial results.

Emphasis of Matter

We draw attention to Note 5 to the standalone financial results, which explains the management's assessment of going concern assumption and financial impact on account of various factors including COVID 19 pandemic situation and its assertion that based on best estimates made by it, the Company will continue as a going concern i.e., continue its operations and will be able to discharge its liabilities for the foreseeable future, despite the significant impact of COVID-19 and factors which continue to evolve and are therefore highly dependent on future circumstances.

Our opinion is not modified in respect of this matter

Registered Office:

Independent Auditors' Report (Continued)

Kaya Limited

Management's and Board of Directors' Responsibilities for the Standalone Annual Financial Results

These standalone annual financial results have been prepared on the basis of the standalone annual financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/ loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Standalone Annual Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

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

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report (Continued)

Kaya Limited

Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Management and Board of Directors;
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The standalone annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

RAJESH MEHRA Digitally signed by RAJESH MEHRA
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Rajesh Mehra

Partner

Membership No: 103145

UDIN:21103145AAAABW4259

Mumbai
19 May 2021

Kaya Limited**Standalone Balance Sheet as at 31 March 2021****(Rs. in lakhs)**

Particulars	31 March 2021 (Audited)	31 March 2020 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,308.22	3,211.82
Right-of-use assets	6,840.11	8,032.80
Intangible assets	27.85	30.00
Intangible assets under development	88.99	48.91
Financial assets		
Investment in subsidiaries	11,444.09	9,962.12
Loans	1,186.97	1,528.62
Other financial assets	-	2.07
Income tax assets	3.85	8.17
Other non-current assets	45.86	36.43
	21,945.94	22,860.94
Current assets		
Inventories	2,282.95	2,962.23
Financial assets		
Investments	1,135.17	1,878.46
Trade receivables	456.86	641.73
Cash and cash equivalents	193.49	77.86
Bank balances other than above	52.51	48.56
Loans	867.72	788.03
Other financial assets	243.47	345.05
Other current assets	527.21	729.47
	5,759.38	7,471.39
TOTAL ASSETS	27,705.32	30,332.33
EQUITY AND LIABILITIES		
Equity		
Share capital	1,306.41	1,306.41
Other equity	8,888.76	10,188.75
	10,195.17	11,495.16
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	2,129.62	904.71
Lease liabilities	5,966.08	7,159.26
Provisions	185.09	149.72
	8,280.79	8,213.69
Current liabilities		
Financial liabilities		
Lease liabilities	2,213.41	2,195.04
Trade payables		
Total outstanding dues of Micro enterprises and Small enterprises	127.14	158.24
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	833.87	1,192.39
Other financial liabilities	256.51	261.17
Other current liabilities	5,616.83	6,664.69
Provisions	181.60	151.95
	9,229.36	10,623.48
TOTAL EQUITY AND LIABILITIES	27,705.32	30,332.33

Kaya Limited**Statement of Standalone Financial Results for the quarter and year ended 31 March 2021****(Rs. in lakhs)**

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2021	31 December 2020	31 March 2020	31 March 2021	31 March 2020
		Refer Note 8	(Unaudited)	Refer Note 8	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations	4,173.95	4,105.92	4,462.96	11,707.05	20,434.36
	(b) Other income (Refer Note 6)	174.92	178.26	466.54	1,250.79	855.81
	Total income	4,348.87	4,284.18	4,929.50	12,957.84	21,290.17
2	Expenses					
	(a) Cost of materials consumed	268.86	300.61	311.77	715.89	1,433.47
	(b) Purchase of stock-in-trade	111.51	7.59	47.28	145.33	266.17
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	8.31	14.34	50.02	214.65	27.77
	(d) Employee benefits expense	1,007.19	853.94	1,123.12	3,202.03	5,384.55
	(e) Finance costs	283.10	288.17	298.22	1,116.99	1,206.37
	(f) Depreciation and amortisation expense	786.23	782.32	1,380.25	3,197.49	4,450.11
	(g) Impairment loss	25.51	-	-	25.51	-
	(h) Consumption of stores and spares	565.57	537.33	532.84	1,712.82	2,283.49
	(i) Other expenses	1,187.69	1,244.11	1,779.97	4,039.16	7,525.61
	Total expenses	4,243.97	4,028.41	5,523.47	14,369.87	22,577.54
3	Profit/(loss) before tax (1 - 2)	104.90	255.77	(593.97)	(1,412.03)	(1,287.37)
4	Tax expense:					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax charge (Refer Note 7)	-	-	-	-	2,106.66
	Total tax expense	-	-	-	-	2,106.66
5	Net profit/(loss) for the period (3 - 4)	104.90	255.77	(593.97)	(1,412.03)	(3,394.03)
6	Other comprehensive income / (loss) (gross of tax)					
	(a) Items that will not be reclassified to profit or loss	17.94	(10.70)	(26.22)	(14.16)	(42.80)
	Tax on above	-	-	-	-	-
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-
	Tax on above	-	-	-	-	-
	Total other comprehensive income / (loss) (net of income tax)	17.94	(10.70)	(26.22)	(14.16)	(42.80)
7	Total comprehensive income / (loss) for the period (5 + 6)	122.84	245.07	(620.19)	(1,426.19)	(3,436.83)
8	Paid-up equity share capital	1,306.41	1,306.41	1,306.41	1,306.41	1,306.41
	Face value per equity share	10.00	10.00	10.00	10.00	10.00
9	Earnings per equity share (of Rs. 10 each) (not annualised):					
	(a) Basic	0.80	1.96	(4.55)	(10.81)	(25.98)
	(b) Diluted	0.80	1.96	(4.55)	(10.81)	(25.98)
	See accompanying notes to the standalone financial results					

Kaya Limited
Standalone Statement of Cash Flows for the year ended 31 March 2021

(Rs. in lakhs)

	31 March 2021	31 March 2020
A Cash Flow from Operating Activities:		
Loss before tax	(1,412.03)	(1,287.37)
Adjustments:		
Depreciation and amortisation expense	3,197.49	4,450.11
Impairment loss	25.51	-
Employee share-based payment expenses	-	36.53
Liabilities written back to the extent no longer required (net)	(20.77)	(52.89)
Provision for doubtful debts	11.07	-
Finance costs	1,116.99	1,206.37
Profit on sale / discarding of property, plant and equipment (net)	(3.95)	(1.49)
Interest income	(44.26)	(165.83)
Unrealised foreign exchange loss / (gain)	42.88	(27.74)
Net gain on sale of current investments	(40.82)	(95.61)
Unwinding of discount on security deposits	(105.70)	(214.90)
Advances written off during the year	13.23	55.78
Net gain on lease modification	(47.86)	(245.73)
Lease rent concessions	(948.19)	-
Operating profit before working capital changes	1,783.59	3,657.23
Changes in working capital:		
Decrease in inventories	679.28	439.61
Decrease / (increase) in trade and other receivables	124.00	(60.48)
Decrease in other assets	200.33	36.79
Decrease / (increase) in loans	306.90	(67.51)
Decrease / (increase) in financial assets	79.33	(20.68)
(Decrease) in other current liabilities	(1,047.86)	(829.46)
(Decrease) in Other financial liabilities	(23.36)	(99.77)
Increase in provisions	72.90	8.71
(Decrease) in trade and other payables	(368.85)	(219.63)
Cash generated from operations	1,806.26	2,844.81
Income taxes (paid) / refund	4.32	379.19
Net Cash generated from Operating Activities (A)	1,810.58	3,224.00
B Cash Flow from Investing Activities:		
Acquisition of property, plant and equipment	(78.72)	(473.51)
Proceeds from sale of investments	8,541.74	16,683.92
Acquisition of investments	(7,757.63)	(17,023.90)
Investment in subsidiary	(1,481.97)	(511.01)
Proceeds from sale of property, plant and equipment	5.43	4.40
Interest income received	66.51	149.00
Investment in bank deposits (having original maturity more than 3 months)	(1.88)	(5.13)
Net Cash (used in) Investing Activities (B)	(706.52)	(1,176.23)
C Cash Flow from Financing Activities:		
Proceeds from loans and borrowings	1,269.00	1,200.00
Repayment of lease liabilities including interest	(2,074.40)	(3,508.82)
Finance costs paid	(183.03)	(78.29)
Net Cash (used in) Financing Activities (C)	(988.43)	(2,387.11)
D Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	115.63	(339.34)
Cash and cash equivalents at the beginning of the year	77.86	417.20
Cash and cash equivalents at the close of the year	193.49	77.86

Kaya Limited

Notes to the Kaya Limited Standalone financial results:

1. This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

2. The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on on 19 May 2021. These financial results have been audited by the statutory auditors of the Company who have issued an unmodified audit report and are available on the company's website - <http://www.kaya.in>.

3. The Company has single operating segment viz. "Skin Care and Hair Care Business" in terms of Ind AS 108 - "Operating Segments".

4. Following are the particulars of Employee Stock Options pursuant to various schemes:

Particulars	Quarter ended 31 March 2021	Quarter ended 31 March 2020
Balance at the beginning of the quarter	33,740	61,456
Granted during the quarter	-	-
Forfeited / lapsed during the quarter	33,740	5,882
Exercised during the quarter	-	-
Outstanding at the end of the quarter	-	55,574

5. The beauty, wellness and personal care retail industry as a whole has been adversely impacted by various factors including the spread of COVID-19. The Company faces significant headwinds due to COVID-19 which have impacted the operations of the Company adversely starting from the month of March 2020 onwards particularly by way of clinic closures due to complete lockdown. This unprecedented disruption has had an adverse impact on the performance during the year and continues to impact the business. In this crisis, our priorities are to protect the employees and their families from COVID-19, besides our customers visiting our clinics and the society associated with it. We do not anticipate material risk to business prospects over the medium to long term.

The Company resumed clinic operations from first week of June 2020 and has been operating the clinics for the rest of the year, as permitted by the Government and Local/Regulatory authorities, with controlled movement, maintaining social distancing, taking appropriate hygiene measures and following the directions of regulatory authorities. Overall business is based on fixed cost model, so based on profitability and future potential of the clinics, the Company has shut down around 23 clinics located in India during the year.

The Management has evaluated the impact of existing and anticipated effects of various factors including COVID-19 on its business operations and financial position on the basis of significant assumptions as per its review of current indicators of future economic conditions and taken necessary steps. Also, Management has made the best estimate in relation to the duration and severity of these consequences, as well as their impact on the financial position and results of the Company, including assessment for future periods in respect of certain significant estimates and judgements in respect of certain financial and non-financial assets, and on the going concern assumption. Management believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets used for the preparation of these standalone financial results, other than the clinic shut down as referred above.

Also, the management has taken measures to mitigate adverse impact on the business, which inter alia includes:

- Reduction in salaries at various levels across the organization
- Reduction in fixed overheads
- Reduction/ waiver of rent for its various clinics during lockdown and renegotiation for the future

Based on internal review, the Company would require funds for its operations. The Company continues to enjoy financial support from the promoter group and has also received funding from them during the year. As per the management, the Company has sufficient financing arrangements to fulfil its working capital requirements and necessary capital expenditure, in addition to the funds expected to be generated from the operating activities.

The Company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results.

Based on the aforesaid assessment, Management believes that as per estimates made prudently, the Company will continue to operate as a going concern i.e., continue its operations and will be able to discharge its liabilities and realise the carrying amount of its assets as on 31 March 2021 despite the significant impact of COVID-19 and factors which continue to evolve and are therefore highly dependent on future circumstances.

6. Other income for the quarter and year ended 31 March 2021, includes Rs 101.83 lakhs and Rs 948.19 lakhs respectively on account of rent concessions as the Company has availed practical expedient of Ind AS 116.

7. As at 31 March 2018, the Company had recognised deferred tax assets on tax losses including unabsorbed depreciation and other items on the basis of reasonable certainty that the same will be utilised against taxable profits in future. Based on internal and external factors, the Company has reassessed and reversed the deferred tax assets of Rs 2,106.66 lakhs during year ended 31 March 2020 recognised in earlier years.

8. The figures of last quarter, are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter of the respective financial year, which were subjected to review.

9. Previous period's figures have been regrouped/reclassified wherever required to make them comparable with the figures for the current period.

Place : Mumbai

Date: 19 May 2021

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Chairman and Managing Director