

# B S R & Co. LLP

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## **Limited review report on Unaudited Quarterly and Year-to-Date Standalone financial results of Kaya Limited under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

### **To the Board of Directors of Kaya Limited**

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Kaya Limited ('the Company') for the quarter ended 31 December 2020 and year-to-date results for the period from 1 April 2020 to 31 December 2020 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable accounting standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 5 to the unaudited standalone financial results, which describes the possible effects of uncertainties relating to COVID-19 pandemic on the Company's financial performance as assessed by the management.

Our conclusion is not modified in respect of this matter.

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

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

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**Rajesh Mehra**  
*Partner*

Membership No: 103145

UDIN: 21103145AAAAAX7321

Mumbai  
29 January 2021

Registered Office:

## Kaya Limited

## Statement of Standalone Financial Results for the quarter and nine months ended 31 December 2020

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31 December 2020	30 September 2020	31 December 2019	31 December 2020	31 December 2019	31 March 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Income</b>						
	(a) Revenue from operations	4,105.92	2,889.37	5,479.71	7,533.10	15,971.40	20,434.36
	(b) Other income (Refer Note 6)	178.26	372.39	76.50	1,075.87	389.27	855.81
	<b>Total income</b>	<b>4,284.18</b>	<b>3,261.76</b>	<b>5,556.21</b>	<b>8,608.97</b>	<b>16,360.67</b>	<b>21,290.17</b>
2	<b>Expenses</b>						
	(a) Cost of materials consumed	300.61	88.98	310.99	447.03	1,121.70	1,433.47
	(b) Purchase of stock-in-trade	7.59	26.23	88.29	33.82	218.89	266.17
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	14.34	196.65	(23.10)	206.34	(22.25)	27.77
	(d) Employee benefits expense	853.94	645.55	1,416.49	2,194.84	4,261.43	5,384.55
	(e) Finance costs	288.17	278.55	302.18	833.89	908.15	1,206.37
	(f) Depreciation and amortisation expense	782.32	796.14	1,039.91	2,411.26	3,069.86	4,450.11
	(g) Consumption of stores and spares	537.33	389.91	652.40	1,147.25	1,750.65	2,283.49
	(h) Other expenses	1,244.11	867.90	1,911.09	2,851.47	5,745.64	7,525.61
	<b>Total expenses</b>	<b>4,028.41</b>	<b>3,289.91</b>	<b>5,698.25</b>	<b>10,125.90</b>	<b>17,054.07</b>	<b>22,577.54</b>
3	<b>Profit/(loss) before tax (1 - 2)</b>	255.77	(28.15)	(142.04)	(1,516.93)	(693.40)	(1,287.37)
4	Tax expense:						
	(a) Current tax	-	-	-	-	-	-
	(b) Deferred tax charge (Refer Note 7)	-	-	1,559.88	-	2,106.66	2,106.66
	Total tax expense	-	-	1,559.88	-	2,106.66	2,106.66
5	<b>Net profit/(loss) for the period (3 - 4)</b>	<b>255.77</b>	<b>(28.15)</b>	<b>(1,701.92)</b>	<b>(1,516.93)</b>	<b>(2,800.06)</b>	<b>(3,394.03)</b>
6	Other comprehensive income / (loss) (gross of tax)						
	(a) Items that will not be reclassified to profit or loss						
	Tax on above	(10.70)	(10.70)	(5.53)	(32.10)	(16.58)	(42.80)
	(b) Items that will be reclassified to profit or loss						
	Tax on above	-	-	-	-	-	-
	Total other comprehensive income / (loss) (net of income tax)	(10.70)	(10.70)	(5.53)	(32.10)	(16.58)	(42.80)
7	<b>Total comprehensive income / (loss) for the period (5 + 6)</b>	<b>245.07</b>	<b>(38.85)</b>	<b>(1,707.45)</b>	<b>(1,549.03)</b>	<b>(2,816.64)</b>	<b>(3,436.83)</b>
8	Paid-up equity share capital	1,306.41	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	10.00
9	Earnings per equity share (of Rs. 10 each) (not annualised):						
	(a) Basic	1.96	(0.22)	(13.03)	(11.61)	(21.43)	(25.98)
	(b) Diluted	1.96	(0.22)	(13.03)	(11.61)	(21.43)	(25.98)
	See accompanying notes to the standalone financial results						

## 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 29 January 2021. These financial results have been subject to limited review by the statutory auditors of the company 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 December 2020	Quarter ended 31 December 2019
<b>Balance at the beginning of the quarter</b>	<b>33,740</b>	<b>61,456</b>
Granted during the quarter	-	-
Forfeited / lapsed during the quarter	-	-
Exercised during the quarter	-	-
<b>Outstanding at the end of the quarter</b>	<b>33,740</b>	<b>61,456</b>

5. The beauty, wellness and retail industry as a whole has been adversely impacted by 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 quarterly performance and continue to impact the business and our standalone financial results. 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 has begun restoration of clinic operations from first week of June and has been opening the clinics, 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.

The Company has evaluated impact on its business operations and financial position based on its review of current indicators of future economic conditions. Overall business is based on fixed cost model, so based on profitability and future potential of the clinics, the Company has shut down 23 clinics located in India during the nine months ended 31 December 2020. 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 for the current year, 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. The Company 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 referred above.

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

- Reduction in salaries at various levels across the organization
- Reduction in fixed overheads for the period of the lockdown
- 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 support from the promoter group and has also received funding from them during the quarter. Accordingly, Management is confident that the Company will continue to operate as a going concern.

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.

6. Other income for the quarter and nine months ended 31 December 2020, includes Rs 77.78 lakhs and Rs 846.36 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 Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its valuation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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

Place : Mumbai

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Date: 29 January 2021

**Harsh Mariwala**

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Chairman and Managing Director