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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 2020, 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 income and other financial information for the year ended 31 March 2020.

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 *Auditor's 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 6 to the standalone annual 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 opinion is not modified in respect of this matter.

B S R & Co (a partnership firm with
Registration No. BA61223) converted into
B S R & Co. LLP (a Limited Liability Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

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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 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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;
- 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 standalone financial statements on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;

Independent Auditors' Report (Continued)

Kaya Limited

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone 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 2020 being the balancing figures 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**

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Rajesh Mehra

Partner

Membership No: 103145

UDIN: 20103145AAAABL8071

Mumbai
29 June 2020

Kaya Limited		
Standalone Balance Sheet as at 31 March 2020		
	(Rs. in Lakhs)	
Particulars	31 March 2020 (Audited)	31 March 2019 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	3,211.82	4,142.88
Capital work-in-progress	-	83.75
Right-of-use assets	8,032.80	-
Intangible assets	30.00	181.49
Intangible assets under development	48.91	-
Financial assets		
Investment in subsidiaries	9,962.12	9,451.11
Loans	1,528.62	1,314.19
Other financial assets	2.07	1.96
Income tax assets	8.17	387.36
Deferred tax assets	-	2,106.66
Other non-current assets	36.43	470.17
	22,860.94	18,139.57
Current assets		
Inventories	2,962.23	3,401.84
Financial assets		
Security deposits		
Investments	1,878.46	1,442.87
Trade receivables	641.73	553.51
Cash and cash equivalents	77.86	417.20
Bank balances other than above	48.56	43.43
Loans	788.03	925.30
Other financial assets	345.05	307.65
Other current assets	729.47	785.84
	7,471.39	7,877.64
TOTAL ASSETS	30,332.33	26,017.21
EQUITY AND LIABILITIES		
Equity		
Share capital	1,306.41	1,306.41
Other equity	10,188.75	14,985.96
	11,495.16	16,292.37
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	904.71	-
Lease liabilities	7,159.26	-
Long-term provisions	149.72	112.61
	8,213.69	112.61
Current liabilities		
Financial liabilities		
Lease liabilities	2,195.04	-
Trade payables		
Total outstanding dues of Micro enterprises and Small enterprises	158.24	105.86
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	1,192.39	1,467.29
Other financial liabilities	7.20	31.54
Other current liabilities	6,918.66	7,847.89
Short-term provisions	151.95	159.65
	10,623.48	9,612.23
TOTAL EQUITY AND LIABILITIES	30,332.33	26,017.21

Kaya Limited
Statement of Standalone Financial Results for the quarter and year ended 31 March 2020

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		(Audited) (Refer Note 8)	(Unaudited)	(Audited) (Refer Note 8)	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations	4,462.96	5,479.71	5,173.67	20,434.36	20,981.82
	(b) Other income	466.54	76.50	152.56	855.81	491.23
	Total income	4,929.50	5,556.21	5,326.23	21,290.17	21,473.05
2	Expenses					
	(a) Cost of materials consumed	311.77	310.99	559.88	1,433.47	1,618.84
	(b) Purchase of stock-in-trade	47.28	88.29	57.81	266.17	143.78
	(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	50.02	(23.10)	(276.87)	27.77	(156.92)
	(d) Employee benefits expense	1,123.12	1,416.49	1,253.75	5,384.55	5,279.29
	(e) Finance costs	298.22	302.18	-	1,206.37	-
	(f) Depreciation and amortisation expense (refer note no. 6)	1,380.25	1,039.91	440.70	4,450.11	1,527.33
	(g) Consumption of stores and spares	532.84	652.40	739.76	2,283.49	2,689.40
	(h) Payment to consultants	459.52	558.56	564.26	2,055.04	2,242.47
	(i) Other expenses	1,320.45	1,352.53	2,400.01	5,470.57	9,079.57
	Total expenses	5,523.47	5,698.25	5,739.30	22,577.54	22,423.76
3	Loss before tax (1 - 2)	(593.97)	(142.04)	(413.07)	(1,287.37)	(950.71)
4	Tax expense:					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax (refer note no. 7)	-	1,559.88	-	2,106.66	-
	(c) Tax for earlier years/(reversal of provisions)	-	-	(296.02)	-	(555.00)
	Total tax expense	-	1,559.88	(296.02)	2,106.66	(555.00)
5	Loss for the period (3 - 4)	(593.97)	(1,701.92)	(117.05)	(3,394.03)	(395.71)
6	Other comprehensive income (gross of tax)					
	(a) Items that will not be reclassified to profit or loss	(26.22)	(5.53)	(9.51)	(42.80)	(22.10)
	Tax on above	-	-	-	-	-
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-
	Tax on above	-	-	-	-	-
	Total other comprehensive income (net of income tax)	(26.22)	(5.53)	(9.51)	(42.80)	(22.10)
7	Total comprehensive income for the period (5 + 6)	(620.19)	(1,707.45)	(126.56)	(3,436.83)	(417.81)
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	(4.55)	(13.03)	(0.90)	(25.98)	(3.03)
	(b) Diluted	(4.55)	(13.03)	(0.90)	(25.98)	(3.03)
	See accompanying notes to the standalone financial results					

Kaya Limited
Standalone Statement of Cash Flows for the year ended 31 March 2020

(Rs. in lakhs)

	31 March 2020	31 March 2019
A Cash Flow from Operating Activities:		
Loss before tax	(1,287.37)	(950.71)
Adjustments:		
Depreciation and amortisation expense	4,450.11	1,527.33
Employee share-based payment expenses	36.53	28.09
Liabilities written back to the extent no longer required (net)	(52.89)	-
Provision for doubtful debts	-	2.73
Finance costs	1,206.37	-
(Profit) / loss on sale / discarding of property, plant and equipment (net)	(1.49)	0.49
Interest income	(165.83)	(46.22)
Unrealised foreign exchange (gain)/loss	(27.74)	51.26
Net gain on sale of current investments	(95.61)	(138.89)
Unwinding of discount on security deposits	(214.90)	(125.59)
Advances written off during the year	55.78	44.48
Net gain on lease modification	(245.73)	-
Provision for doubtful advances	-	0.08
Operating profit before working capital changes	3,657.23	393.05
Changes in working capital:		
Decrease / (Increase) in inventories	439.61	(24.92)
(Increase) in trade and other receivables	(60.48)	(144.45)
Decrease / (Increase) in other assets	36.79	(253.95)
(Increase) in loans	(67.51)	(267.84)
(Increase) in financial assets	(20.68)	(70.71)
(Decrease) / Increase in other current liabilities	(929.23)	57.66
Increase in provisions	8.71	24.27
(Decrease) in trade and other payables	(219.63)	(52.72)
Cash (used in)/generated from operations	2,844.81	(339.61)
Income taxes paid (net of refund)	379.19	184.00
Net Cash (used in)/generated from Operating Activities (A)	3,224.00	(155.61)
B Cash Flow from Investing Activities:		
Acquisition of property, plant and equipment	(473.51)	(801.65)
Proceeds from sale of investments	16,683.92	704.32
Acquisition of investments	(17,023.90)	-
Investment in subsidiary	(511.01)	-
Proceeds from sale of property, plant and equipment	4.40	2.14
Interest income received	149.00	82.36
Investment in bank deposits (having original maturity more than 3 months)	(5.13)	-
Net Cash used in Investing Activities (B)	(1,176.23)	(12.83)
C Cash Flow from Financing Activities:		
Proceeds from issue of equity shares	-	236.95
Proceeds from loans and borrowings	1,200.00	-
Repayment of lease liabilities including interest	(3,508.82)	-
Finance costs paid	(78.29)	-
Net Cash generated from / (used in) Financing Activities (C)	(2,387.11)	236.95
D Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	(339.34)	68.51
Cash and cash equivalents at the beginning of the year	417.20	348.69
Cash and cash equivalents at the close of the year	77.86	417.20
Reconciliation of cash and cash equivalents as per the cash flow statement		
	31 March 2020	31 March 2019
Cash and cash equivalent as per above comprises of the following:		
Balances with banks in current accounts	57.98	323.84
Cash on hand	19.88	93.36
Cash and cash equivalents as per Standalone statement of cash flows	77.86	417.20

Kaya Limited**Notes to the 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 29 June 2020. These financial results have been audited by the statutory auditors of the Company who have issued an unmodified audit report. These financial results 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 2020	Quarter ended 31 March 2019
Balance at the beginning of the quarter	61,456	1,06,658
Granted during the quarter	-	-
Forfeited / lapsed during the quarter	5,882	28,236
Exercised during the quarter	-	-
Outstanding at the end of the quarter	55,574	78,422

5. The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. This has resulted in recognising a right-of-use assets (an amount adjusted by prepaid lease rent of Rs 446.73 lakhs) of Rs 10,088.61 lakhs and a corresponding lease liability of Rs 11,351.56 lakhs by adjusting retained earnings by Rs 1,709.68 lakhs as at 1 April 2019. In the statement of financial results for the year ended March 31, 2020, operating lease expenses which were recognized as other expenses in previous periods are now recognized as depreciation expense for the right-of-use asset and finance cost for interest on lease liability. The adoption of this standard does not have any significant impact on Profit after tax for the year ended March 31 2020.

6. 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 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 decided to shut down around 23 clinics located in India and has provided for accelerated depreciation of certain Property, plant and equipment amounting to Rs 317.60 lakhs. 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 as disclosed in these financial results, other than the clinic shut down/accelerated depreciation 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
- Initiation of discussions for 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 and is evaluating options to raise funds. The Company continues to enjoy support from the promoter group and has also received additional funding post year-end. 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.

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 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

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Date: 29 June 2020

Chairman and Managing Director