

B S R & Co. LLP

Chartered Accountants

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Independent Auditor's 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 2023, attached herewith, (in which are included financial information from one branch) being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities and Exchange Board of India (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 2023.

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 obtained by us, is sufficient and appropriate to provide a basis for our opinion on the standalone annual financial results.

Emphasis of Matter

- a. We draw attention to Note 5 to the standalone financial results, which explains the management's assessment of going concern assumption. The Company has incurred losses during the current financial year and the prior years and has a negative working capital position as of 31 March 2023. Based on the financial support from the promoter group along with funds available with the Company as of 31 March 2023, the management believes that Company will be able to meet its obligations within the next 12 months as and when they fall due. Accordingly, the management has prepared the

Independent Auditor's Report (Continued)

Kaya Limited

Statement on a going concern basis.

Our opinion is not modified in respect of this matter.

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 are 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 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.

Independent Auditor's Report (Continued)

Kaya Limited

- 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.
- 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 Matter

- a. The standalone annual financial results include the results for the quarter ended 31 March 2023 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

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MEHRA

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Rajesh Mehra

Partner

Mumbai

24 May 2023

Membership No.: 103145

UDIN:23103145BGXWWH2866

Kaya Limited
Standalone Balance Sheet as at 31 March 2023

(Rs. in Lakhs)

Particulars	31 March 2023 (Audited)	31 March 2022 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	2,760.61	1,684.85
Right-of-use assets	6,532.99	6,304.12
Intangible assets	167.98	41.45
Intangible assets under development	80.64	113.48
Financial assets		
Investments	12,097.59	16,111.22
Other financial assets	705.28	921.32
Income tax assets	4.68	3.04
Other non-current assets	94.18	301.81
	22,443.95	25,481.29
Current assets		
Inventories	2,138.49	2,072.61
Financial assets		
Investments	2,100.88	2,561.89
Trade receivables	498.10	507.80
Cash and cash equivalents	1,571.28	164.79
Bank balances other than Cash and cash equivalents as above	4.47	604.31
Loans	11.68	8.48
Other financial assets	703.74	439.25
Other current assets	802.05	441.92
	7,830.69	6,801.05
TOTAL ASSETS	30,274.64	32,282.34
EQUITY AND LIABILITIES		
Equity		
Share capital	1,306.41	1,306.41
Other equity	281.04	7,705.00
	1,587.45	9,011.41
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	9,172.87	7,859.45
Lease liabilities	5,404.75	5,379.82
Provisions	176.43	188.13
	14,754.05	13,427.40
Current liabilities		
Financial liabilities		
Lease liabilities	2,250.85	2,150.97
Trade payables		-
Total outstanding dues of Micro enterprises and Small enterprises	522.55	441.59
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	780.56	869.34
Other financial liabilities	1,061.46	372.81
Other current liabilities	9,071.75	5,761.23
Short-term provisions	245.97	247.59
	13,933.14	9,843.53
TOTAL EQUITY AND LIABILITIES	30,274.64	32,282.34

Kaya Limited

Statement of Standalone Financial Results for the quarter and year ended 31 March 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
		Refer Note 8	(Unaudited)	Refer Note 8	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations	4,390.10	4,760.46	3,934.50	17,831.07	14,090.66
	(b) Other income	102.26	85.99	155.03	385.51	891.03
	Total income	4,492.36	4,846.45	4,089.53	18,216.58	14,981.69
2	Expenses					
	(a) Cost of materials consumed	234.31	222.48	298.82	872.71	906.13
	(b) Purchase of stock-in-trade	108.23	61.16	17.14	250.73	89.26
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(69.21)	57.21	(45.02)	213.36	90.55
	(d) Employee benefits expense	744.21	1,530.53	1,174.37	6,183.11	4,310.23
	(e) Finance costs	1,575.04	544.95	349.19	3,230.98	1,254.29
	(f) Depreciation and amortisation expense	781.05	739.31	994.17	2,939.92	3,295.63
	(g) Impairment losses on Investment (refer note 7)	1,070.00	2,943.63	-	4,013.63	-
	(g) Impairment losses on Property, Plant and Equipment	41.81	-	190.84	41.81	190.84
	(h) Consumption of stores and spares	651.24	658.67	502.79	2,336.03	1,867.62
	(i) Other expenses	1,767.67	1,639.86	1,459.78	6,682.88	5,524.70
	Total expenses	6,904.35	8,397.80	4,942.08	26,765.16	17,529.25
3	Loss before tax (1 - 2)	(2,411.99)	(3,551.35)	(852.55)	(8,548.58)	(2,547.56)
4	Tax expense:					
	(a) Current tax	-	-	-	-	-
	(b) Deferred tax charge	-	-	-	-	-
	Total tax expense	-	-	-	-	-
5	Net loss for the period (3 - 4)	(2,411.99)	(3,551.35)	(852.55)	(8,548.58)	(2,547.56)
6	Other comprehensive income / (loss)					
	(a) Items that will not be reclassified to profit or loss	22.84	(7.99)	(21.34)	(1.13)	(31.96)
	Tax on above	-	-	-	-	-
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-
	Tax on above	-	-	-	-	-
	Total other comprehensive loss	22.84	(7.99)	(21.34)	(1.13)	(31.96)
7	Total comprehensive income / (loss) for the period (5 + 6)	(2,389.15)	(3,559.34)	(873.89)	(8,549.71)	(2,579.52)
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 (Rs.)	10.00	10.00	10.00	10.00	10.00
9	Earnings per equity share (of Rs. 10 each) (not annualised):					
	(a) Basic	(18.46)	(27.18)	(6.53)	(65.44)	(19.50)
	(b) Diluted	(18.46)	(27.18)	(6.53)	(65.44)	(19.50)
	See accompanying notes to the standalone financial results					

Standalone Statement of Cash Flows for the year ended 31 March 2023

	(Rs. in lakhs)	
	31 March 2023	31 March 2022
A Cash Flow from Operating Activities:		
Loss before tax	(8,548.58)	(2,547.56)
Adjustments:		
Depreciation and amortisation expense	2,939.92	3,295.63
Impairment losses on Investment	4,013.63	-
Impairment losses on Property, Plant and Equipment	41.81	190.84
Employee share-based payment expenses	108.93	95.46
Liabilities written back to the extent no longer required (net)	(49.21)	(84.60)
Provision for doubtful debts	57.12	20.88
Finance costs	3,230.98	1,254.29
Profit on sale / discarding of property, plant and equipment (net)	(1.22)	(5.76)
Interest income	(75.81)	(109.24)
Unwinding of discount on security deposits	(122.00)	(106.16)
Unrealised foreign exchange loss	8.99	8.69
Net gain on sale of current investments	(99.58)	(49.53)
Advances written off during the year	37.90	72.16
Net gain on lease modification	-	(37.78)
Lease rental income	(1.66)	(401.94)
Operating profit before working capital changes	1,541.22	1,595.38
Changes in working capital:		
(Increase) / Decrease in inventories	(65.88)	210.34
(Increase) in trade and other receivables	(56.41)	(93.33)
(Increase) / Decrease in other assets	(417.91)	35.00
(Increase) / Decrease in loans	(69.46)	968.14
(Increase) / Decrease in financial assets	(21.12)	53.23
Increase in other current liabilities	3,310.52	144.40
Increase in other financial liabilities	484.38	128.27
(Decrease) in provisions	(14.19)	(32.81)
Increase in trade and other payables	41.39	434.52
Cash generated from operations	4,732.54	3,443.14
Income taxes paid (net of refund)	(1.64)	0.81
Net Cash generated from Operating Activities (A)	4,730.90	3,443.95
B Cash Flow from Investing Activities:		
Acquisition of property, plant and equipment	(1,591.68)	(984.07)
Proceeds from sale of property, plant and equipment	157.99	80.54
Proceeds from sale of investments	14,995.39	14,006.05
Purchase of investments	(14,434.80)	(15,383.23)
Investment in subsidiary	-	(4,667.13)
Interest income received	126.93	65.20
Investment in bank deposits (having original maturity more than 3 months)	599.74	(542.48)
Net Cash (used in) Investing Activities (B)	(146.43)	(7,425.12)
C Cash Flow from Financing Activities:		
Proceeds from loans and borrowings	1,300.00	6,903.00
Repayment of lease liabilities including interest	(2,986.13)	(2,564.91)
Finance costs paid	(1,491.84)	(385.62)
Net Cash (used in) / generated from Financing Activities (C)	(3,177.97)	3,952.47
D Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1,406.49	(28.70)
Cash and cash equivalents at the beginning of the year	164.79	193.49
Cash and cash equivalents at the close of the year	1,571.28	164.79
Reconciliation of cash and cash equivalents as per the statement of cash flow		
Cash and cash equivalent as per above comprises of the following:		
Balances with banks in current accounts	529.77	139.31
Cash on hand	41.51	25.48
Fixed Deposit with Bank (original maturity less than 3 months)	1,000.00	-
Cash and cash equivalents as per Standalone Statement of cash flows	1,571.28	164.79

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 24 May 2023. These standalone 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 2023	Quarter ended 31 March 2022
Balance at the beginning of the quarter	7,44,830	1,77,671
Granted during the quarter	-	5,11,364
Forfeited / lapsed during the quarter	-	39,001
Exercised during the quarter	-	-
Outstanding at the end of the quarter	7,44,830	6,50,034

5. The Company has evaluated the impact of existing and anticipated effects of various factors 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. Based on internal review, the Company would require funds for its operations and future development plans. The Company continues to enjoy financial support from the promoter group and has also received funding from them during the previous year. Based on its Annual Operating Plan which has been approved by the Board of Directors, the Company will be able to meet its funding requirements including the need to fund its overseas operations. 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 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 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. During the year ended 31 March 2023, the Company has received an order from the Employees' Provident Fund Organisation Regional Office relating to earlier years towards additional liability in respect of various allowances to the employees not considered as part of wages. The Company is challenging the order and has filed Appeal u/s 7-I before the Hon CGIT and High court to set aside rejection order passed u/s 7B. Pending outcome of the proceedings, the Company on a conservative and best estimate basis, made provision of Rs 2,036.16 lakhs towards the said liability including interest thereon.

7. The losses of a subsidiary and a step down subsidiary company have fully eroded their net worth. While the companies continue to take steps to revamp their business operations, the gestation period to achieve the desired level of turnaround is taking longer than previously envisaged. Considering the aforesaid, the Company has recognised an impairment of Rs 4,013.63 lakhs for diminution in value of the said investments.

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.

Place : Mumbai

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Date: 24 May 2023

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Chairman and Managing Director