



“Kaya Limited Q1 FY ‘26 Earnings Conference Call”

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MANAGEMENT: MR. RAJIV SURI – GLOBAL CHIEF EXECUTIVE OFFICER, KAYA LIMITED

MR. ARIHANT DHARIWAL – CHIEF FINANCIAL OFFICER, KAYA LIMITED

MODERATOR: MR. SACHIN BOBADE – DOLAT CAPITAL MARKETS PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Kaya Q1 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” and “0” on your touchtone phone. Please note, that this conference is being recorded.

I now hand the conference over to Mr. Sachin Bobade from Dolat Capital. Thank you. And over to you, sir.

Sachin Bobade: Thank you, Vishakha. On behalf of Dolat Capital, I welcome you all to the Q1 FY '26 Earnings Conference Call of Kaya Limited. Hope you all and your family members are staying safe and healthy.

From the Management side, we have with us Mr. Rajiv Suri – Global Chief Executive Officer, and Mr. Arihant Dhariwal – Chief Financial Officer.

Now, I hand the floor to the management for their opening remarks. And then, we would have question-and-answer session. Over to you, sir.

Rajiv Suri: Thank you. Good evening. I would like to welcome you to the Conference Call on the Company's behalf. The investor presentation has been uploaded on stock exchanges and contains the financials, key metrics, and business updates. I hope you have had a chance to go through it.

Let me begin the conference call with the highlights of Q1 performance:

Our Clinic business registered a 7% collection growth over Quarter 1 FY '25. Clinic product business witnessed an 11% growth versus Quarter 1 FY '25, mainly driven by categories like Bath and Body, Nutraceuticals and Sun Care.

Services business registered a collection growth of 6% over Quarter 1 FY '25, mainly driven by categories like Acne & Scars, Hair Care, Anti-Aging, Hair Free, and Brightening & Pigmentation.

Hair Care and Brightening & Pigmentation, also maintained a healthy growth of 20% and 13% respectively. Our NPS scores continue to trend higher in Quarter 1 FY '26 at 90 reflecting Kaya's great customer experience.

A quick update on other initiatives:

On expansion:

Kaya launched two new clinics in Q1, Yelahanka in Bangalore and Starling Mall in Noida. Yelahanka clinic was inaugurated by Kannada film star Sapthami Gowda, a leading celebrity in South. It is the 12th clinic in Bangalore enjoying a 5 Star Google rating. Starling Mall clinic was inaugurated by Shalini Passi, an A-list celebrity based in Delhi. The clinic is also enjoying a 5 Star Google rating.

On our brand-refreshed program to uplift customer experience and outcome:

We invested in 31 new dermatology machines in Anti-Aging, Brightening & Pigmentation, Acne, Hair Care, Body and Laser Hair Reduction in Quarter 1 FY '26.

Innovation remains core to our business and performs strongly. New product development contributes to 5% of the clinic collections. New service development contributed to 6% of Kaya India clinic collections. Use of marketing automation including WhatsApp bot and web bot helped improve customer experience. The chatbots enable a seamless customer journey for appointments and clinic information.

With regards to our Kaya Smiles loyalty program, Kaya Smiles contributed more than 90% of Kaya clinic collections in Quarter 1 FY '26. We focus on experiential marketing for our Kaya Smiles Platinum and Kaya Smiles Gold Elite base by giving free services which helped us grow collections.

On financial performance, revenue from operations at a standalone level is Rs. 52.8 crores for Quarter 1 FY '26, a growth of 1% over the corresponding Quarter 1 FY '25. Standalone loss after tax and other comprehensive income for Quarter 1 FY '26 was negative Rs. 14.2 crores as compared to after-tax profit of Rs. 6.4 crores over the corresponding quarter Q1 FY '25, which included a one-time gain of Rs. 15.8 crores for reversal of impairment on investment and sale of intellectual property.

The detailed financial information update is already with you in the uploaded investor presentation, and you may refer to that for additional information on the performance.

I now open the session for questions. And my colleagues, and I will be glad to answer them. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Rehan Syed from Trinetra Asset Managers. Please go ahead.

Rehan Syed: Yes, good evening to the team. And thank you for giving me the opportunity. First of all, I have two questions, basically on the P&L side. First question is on the employee benefit, so your employee benefit has risen to over 16.24 lakhs this quarter, can it help us address the drivers of this increase? Is it linked to Clinic expansion, wage inflation or higher productivity incentives?

Arihant Dhariwal: Yes, and I understood that you are asking some increase on the employee benefit cost in the P&L.

Rehan Syed: Yes, it is linked to clinic expansion, wage inflation or higher productivity incentives.

Arihant Dhariwal: Yes, I will answer your question on that. What is the second question?

Rehan Syed: Sure. And second question is on the standalone business, our standalone business considerable cost is still high at Rs. 8.28 lakhs. Are there any ongoing initiatives to improve procurement efficiency or optimize inventory without affecting service quality? Just put some light more on it.

Arihant Dhariwal: Yes, I understood both of your questions. So, I will answer your first question. So, with respect to increase in employee benefit expenses, there are two factors - three factors by which the cost has increased. One is there is a factor of increment as compared to last year. And also, Yes, a bit of productivity has increased. There was some contest which was being run along with the new clinics, which have been part of the employee benefit cost. That is the reason why the employee benefit cost has increased as compared to last year.

With respect to consumables, our market mix has changed a bit. Our Body Contouring, our Acne Scars, Anti-Aging, categories have grown a bit as compared to last year, where the consumables are a bit higher. And that is the reason of increase in consumable cost.

Rehan Syed: Okay, sir. Sure. I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity, sir. I am trying to understand, in our last quarter, we mentioned that our clinic level EBITDA is 26% - 27%, but most of that goes away into corporate costs and marketing costs. So, I am trying to understand, what is our utilization level currently? And sir, at a steady state utilization, how much of this 26% - 27% should flow to our operating margins?

Rajiv Suri: Utilization of what?

Madhur Rathi: Of our clinic, sir. So, if there are particular slots, we can look for --

Rajiv Suri: Yes. So, there is potential to increase the utilization without adding any extra cost and that is what we are working on to improve the profitability of the business. And we are investing in marketing for customer acquisition. So, the infrastructure is there and the people are there, and

the utilization gap of the clinics remains more so, during the weekdays and less so, during the weekends when they are quite busy.

And therefore, to improve profitability, we are working to improve the customer count. And once we do that, it will come at no extra cost and flow directly to the bottom line.

Madhur Rathi: Sir, can you give me a number about how much would be our utilization level currently?

Rajiv Suri: We do not disclose that information in public domain. Should you like to have a person-to-person call, we can have that later on. Because it also varies significantly from clinic-to-clinic.

Madhur Rathi: Okay, sir. Got it. Sir, next question was, sir, in our investor presentation, we have mentioned that the industry should grow at 13% over the next five years. And similarly, in our annual report, we have shown that it has grown by 13% - 14%, but we have not been able to grow. So, if I consider Kaya over the next five years, can we expect at least to grow at a rate that is faster than this industry level of 13% - 14%?

Rajiv Suri: The management will be doing its best in order to improve the percentage of growth from what our current growth is of 7% - 8% in Quarter 1. And we are taking several initiatives, like I mentioned, we are making extra investment in marketing and contributions. So, we can try to get the growth from existing clinics without increasing the cost further, so it flows to the bottom line.

As you may have heard, started our expansion program. We believe that that also will help us increase the top line, without increasing the head office cost and we can leverage the extra cost. We should also help the profitability. So, we believe that combination of better utilization of our infrastructure and new clinics should help us improve the percentage of growth.

Madhur Rathi: Got it. I will get back.

Moderator: Thank you. The next question is from the line of Gaurang Ved, an Individual Investor. Please go ahead.

Gaurang Ved: Thanks for the opportunity. Sir, I just need a clarification. Till last concall, you were talking about raising funds through right issue and up to around Rs. 300 crores. So, the quantum was changed to Rs. 75 crores and through the preferential rules. So, I just want to understand, what was the thought process behind the change in plan? Can you please elaborate on that, please?

Rajiv Suri: So, as we have started our expansion program, we felt that the route to preferential allotment is simpler and quicker. So, we have taken a strategic investor to come into the business, with a high pedigree of performance and background that will support our growth. And in addition to

that, post the preferential allotment is completed, which we are expecting by the end of this month, the board will then decide the way ahead on the right issue.

Gaurang Ved: Okay. So, right issue is still on or as of now, it is postponed?

Rajiv Suri: It is on the cards, but the decision will be taken by the board post completion of the preferential issue.

Gaurang Ved: Okay. And the new investor who is coming in, a strategic investor, they will get the board seat or it is not decided yet?

Rajiv Suri: There is no decision on that yet. Yes.

Gaurang Ved: Okay. I will join back in the queue. Thanks

Moderator: Thank you. The next question is from the line of Ishit from Anvil. Please go ahead.

Ishit: Thank you for taking my question. One of my questions was asked by the previous participant. Again, adding to that, is not it fair that the existing investors of Kaya, who have been with you all for a longer time, be given preference when there is a fundraising, which is happening? Because right now, we have got a strategic investor, I understand and we want to raise money faster. But for the existing investors, would not rights be a more suitable option to raise money in the future?

Rajiv Suri: We are in the process of completing the preferential allotment. And post that, the board will decide on the way ahead on the rights issue. And like I mentioned, it is on the cards and we will come back to you as soon as we are able to reach a decision.

Ishit: Okay. In the AGM, I think you mentioned and even Mr. Mariwala mentioned about road to profitability. With the kind of fundraisers we are looking at, a large part of our savings will be led through the interest cost savings that we will also have because of this equity dilution. So, what kind of new clinics we are targeting in order to drive revenue growth at the same corporate overhead level that we have today?

Rajiv Suri: Look, I think, it is going to be a combination of better utilization of existing infrastructure. And with the funds that we are going to receive, investment in marketing and customer acquisition is going to play a key part in that to drive the top line of existing clinics. And then, as regards the new clinics, as we mentioned, we have opened two in Quarter 1. We have opened in quarter two already one and we have five signed also. So, by September, I think it will be around eight, September, October, it will be around eight clinics. And beyond that, we cannot really give a forward-looking statement in terms of how many more we will open.

- Ishit:** Sure. And lastly, Axana Estates, which is owned by Mithun Sacheti, anything else he brings on the table apart from his experience in driving one of the largest online jewelry platform? Anything strategic for us? -- Okay, no problem.
- Moderator:** Thank you. The next question is from the line of Jitaksh Gupta from Tikri Investments. Please go ahead.
- Jitaksh Gupta:** Hi, sir. Thank you for the opportunity. I have two questions. First is, can you please give the revenue split between product and services? And second question is, what is the current...
- Rajiv Suri:** Yes. We got your first question. We can answer that for now. And then you can join the queue back.
- Jitaksh Gupta:** Okay. Sure, sir.
- Rajiv Suri:** So, the services is 85% of the business and product is 15%.
- Jitaksh Gupta:** Okay.
- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.
- Madhur Rathi:** Yes. Sir, thank you for the opportunity once again. Sir, I am trying to understand, sir, our spends on marketing and branding. Sir, how are we calculating the ROI or how are we calculating the incremental benefit that we are getting from these investments?
- Rajiv Suri:** The investment in marketing is aimed to improve customer acquisition as well and drive new customers into the business and that is how we calculate the ROI on that. Until last year, Quarter 1, our customer count, for new customer count was more or less negative. But now our performance marketing count has gone up by 6%. So, there is a change in the new customer count and that is what we are trying to drive into our existing clinics. And once we drive that into our existing clinics, it should flow through the bottom line.
- Moderator:** Ladies and gentlemen, as there are no further questions, I now hand the conference over to management for closing comments.
- Rajiv Suri:** Thank you for participating, and we appreciate the time you have taken to attend our investor forum.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Dolat Capital Markets Private Limited and Kaya, that concludes this conference. Thank you for joining us and you may now disconnect your lines.