"Kaya Limited
Q3 FY21 Earnings Conference Call"

January 29, 2021

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Moderator: Ladies and gentlemen, good day and welcome the Kaya Limited Q3 FY2021 Earnings Conference Call hosted by ICICI Securities Limited. 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 the conference call please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rushad Kapadia from ICICI Securities. Thank you and over to you Sir!

Rushad Kapadia: Thank you Nirav. Good evening ladies and gentleman and welcome to the Q3 FY21 results conference call of Kaya Limited. We have with us from the management Mr. Rajiv Nair, Group Chief Executive Officer, Mr. Vikas Agarwal, Chief Executive Officer, Kaya Middle East and Mr. Saurabh Shah, Chief Financial Officer. I would now like to hand over the call to the management. Thank you and over to your Sir!

Saurabh Shah: Good evening everybody. I welcome you all to the conference call on our Company's behalf. Let me begin the conference call with a very short update on third quarter performance of Kaya Limited, which is already in the public domain and uploaded on our website www.kaya.in.

Kaya Limited posted consolidated revenue from operation of Rs.87.9 Crores for the quarter ended December 31, 2020, a decline of 16% over corresponding quarter ended December 31, 2019. Consolidated EBITDA is Rs.18.8 Crores as compared to Rs.17.1 Crores in Q3 FY21. Consolidated PAT, profit after tax and minority the interest for the quarter ended 31st December 2020 is breakeven as compared to loss of 21 Crores for the corresponding quarter last year. Collection in India has achieved 69% for the quarter ended December 2020 as compared to previous year; however collection at clinics in India has achieved 72% of the business in December 2020. E-commerce business in Q3 FY21 grew by 14% of Q3 FY20. Collection at clinics in GCC region in Q3 FY21 was approximately 95% of Q3 FY20 at constant currency. While clinic has achieved approximately 99% at constant currency business in December 2020 as compared to previous year. All GCC countries showed good ramp up in December 2020, UAE at 98%, Saudi at 102%, and Oman 1% above the previous year pre-COVID level. Some cost rationalization measures which has been initiated by the management due to pandemic had a saving of cost of Rs.16.4 Crores for the group in Q3 financial 21. Overall Kaya operates 73 clinics in India and 23 clinics in Middle East. The beauty and wellness industry including retail industry has been adversely impacted due to the spread of COVID-19. The group has began restoration of clinic operation in UAE from second fortnight of May 2020 and in India from first week of June and has been operating the clinics as permitted by the government and local regulatory authorities with the control movement, maintaining social distance, taking appropriate hygiene measures, and following the direction of the regulatory authority. The group has evaluated impact on its business operations, financial positions, based on its review of current indicators of financial economic condition. Detailed information update is already available with you. I now open the session of questions and my colleagues and I would be glad to answer. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Chirag from Adinath . Please go ahead.

Chirag: Sir, I have few questions. I am asking one by one. Due to lockdown we came to the stand still completely in terms of shutting of malls and all so at this moment are we getting traction similar level to what we were getting pre-COVID or still situation is not normalized?

Rajiv Nair: This is two different markets separately or you are looking at India specifically?

Chirag: India and overseas both.

Rajiv Nair: I think if you look at the India we started operations at the start of the second quarter where the business opened slowly in July & by December the business had progressively ramped up as in India . India in terms of customer walk-in or footfall we had reached about 81% of customer count at SSG level. Now one thing to understand is that numbers of last year & this year are not exactly comparable because last year we had 95 clinics & today we have 73 clinics so there is a gap there. So if you look at an SSG basis the customer count was at 81% and the business had recovered to the level of 84% on collection and net revenue of 85% by the third quarter.

As far as Middle East is concerned, we had actually good ramp up across geographies from an early stage and by the last quarter we had reached 92% of our net revenue in the Middle East and on collection. . Anything specific on the lockdown you would like to know?

Chirag: Sir, if I look at your restructuring exercise last one or two years particularly it is more of India centric. So for next five or seven years are we more focused towards Indian market is it right to say?

Rajiv Nair: Not really, India had a lot more clinics than Middle East. Middle East has a very focused portfolio of clinics and spread across multiple geography. India had a lot more clinics in the country and there were some clinics which were EBITDA neutral, EBITDA negative or marginally profitable, also those are the clinics that we have rationalized in India . The bulk of the restructuring of clinics has happened in India. Middle East we will keep continuing to review the performance of clinics, but there are very few clinics out there or in fact most of the clinics out there are EBITDA positive and quite a few of them are strong clinics from an EBITDA perspective, so we are not looking at any rationalization as such in Middle East. From cost rationalization perspective both geographies took cuts during the last quarter and the previous quarter to reduce the cost and that was more to do with the pandemic situation because we knew top line will be impacted. So overall , we saved about 16 Crores in the last quarter on account of cost savings alone.

Chirag: And one last question from my side. On product selling strategy, what strategies we are going to use going forward to increase the product revenue versus service throw some light on it Sir?

Rajiv Nair: Couple of things, we are increasing our focus on e-commerce and we will continue to pursue interest in e-commerce through the partner websites, we are pretty strong on Amazon, Nykaa we are pushing for more business through Flipkart and Myntra as well, and we will also be re-launching our own B2C website in India (kaya brand.com) within the coming quarter. .I will be able to report more in terms of performance of our own website in the coming quarters, but the focus is on e-commerce and focus is on clinic. Clinic also we are doing a lot of work around our staff training and skilling on selling of products. The quantum of money that we are going to be putting ,going forward, towards advertising for products will also see a proportionate increase and also investments on marketing towards e-commerce will increase.. Currently we have put a pause on GT/MT (distribution) expansion at this moment because those were under productive businesses for us but as the market opens up and we see the other side of COVID, we may pursue those interests in future.

Chirag: Okay Sir. Thank you.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital Partners LLP. Please go ahead.

Deepak Poddar: Thank you very much for the opportunity. I just wanted to understand if I see last 10 to 12 quarters this is the first quarter where we were able to breakeven at the PAT levels. This might be on account of the cost savings that you are talking about. So can you run us through to kind of indicate what is the potential for us in the next two years considering the cost savings that we have done on the business traction that you are seeing through, are this breakeven is a sustainable thing going forward. Comment on anything on those front would be helpful even on the topline and the margin front.

Rajiv Nair: We have seen a significantly faster ramp up of business than what we would have anticipated back in the first quarter, so both geographies have reached more than 80% of the performance of the business after the lockdown started and lockdown kind of was lifted in countries like India. Middle East actually did not have longer duration lockdown but we have reached almost 90% to 93% in Middle East, India has reached about 81% so one good sign is that we have been able to also get ramp up of the business during this particular period, which is actually a COVID period and because we are touch and feel business, there was also an apprehension that customers may not end up coming to our business, but that part of the story has been, I would say, well managed and we have seen good growth over the last few months in this area. Secondly, Our e-commerce while post Diwali business is not very good we still got about 15% to 16% growth in this quarter and prior quarter was higher. We do expect that the e-commerce will continue to be high double digit growth going forward so I would say we would definitely like to keep improving on our topline and this quarter we will try and get very close to last year's turnover . Second is that we are also working aggressively on various initiatives around cost of goods sold to keep improving our margins, both in India and Middle East, so we do hope we will be able to make a difference in terms of performance on the margin side for the business. Some part of cost, the benefits, that we got in terms of cost will continue to accrue in the coming years, but not all of it maybe rentals for example we may not be able to bring down considerably next financial year, but on the employee optimization, which is productivity and number of employees for clinic, we will definitely continue to keep our efforts to keep the employee strength optimal. We have done some rationalization exercise in the back office in terms of overall cost and also employee cost. Some part of that will continue to accrue in the next few years as well. All in all we have looked at multiple areas of cost rationalization and will continue to try and move as much of that we can into the coming financial years, but more importantly we will also look at how to ramp up our turnovers and also look at gross margins by actually working on a cost of good sold. That is broadly what we are trying to do, I cannot probably give you an indication of what will happen next year and next to next year.

Moderator: Thank you. The next question is from the line of Eshit Sheth from Anvil Wealth Management Pvt. Ltd. Please go ahead.

Eshit Sheth: Good evening Sir. Congratulations on very strong improvement in this quarter for the entire team. Sir a few questions that I had one is on the India business when you say that we are at 81% what do we mean by 81%, does this 81% also include the 27 Crores of annualized run rate that we had from shutdown clinics...

Rajiv Nair: That is the SSG growth of 81%, shutdown clinics are not included in that in terms of total number so if you look at it last year for the same quarter as an overall number we had about 59 Crores which was the total number for the quarter for Kaya India, which is 41 Crores this year so that is a decline of 31% so including all the clinics, including the shutdown clinics the number is around 70% exclude the 25 clinics then the number is 81%.

Eshit Sheth: When you say that we are hoping to reach at least last year's turn over by Q4 you are talking about excluding that 27 Crores?

Rajiv Nair: Excluding the 27 Crores.

Eshit Sheth: The second question I had was we have saved about 16 Crores of savings because of cost rationalization in this quarter. Now out of this 16 Crores that we saved how much of this is sustainable over the next year basically?

Rajiv Nair: Some part of the saving is coming out of the shutdown of the clinics so that will be anyways going through into the next financial year as well, but we are working on various other levels of saving within the business both at the front end and the backend which is also a quite bit of learning that we got during the pandemic and we will try and move that cost into the next financial year as well. Saurabh would you like to give the breakup of the 16 Crores between the like-for-like and the shutdown clinics?

Saurabh Shah: Eshit, 16 Crores out of the around 2 Cores is from Middle East, 14 Crores is India, 8 Crores pertains to the closed clinic. Overall if you ask me around 6 to 7 Crores is on like-for-like savings flowing in this quarter.

Eshit Sheth: So when I talk about this breakup, 8 Crores is something that is sustainable, is never going to come back to us, apart from that, the remaining balance 8 Crores how much of it can be sustainable as clinics ramp up?

Rajiv Nair: I cannot exactly quote a number as to what will go into the next year. I only want to tell you that we are doing some work like looking at it from a zero base budgeting perspective. We have already done some work on it, but I cannot probably reveal the numbers today, but we are working on all ends of the business right up from the infrastructure, to the people, to rent, but effort is on to take whatever is the like-for-like saving which is the same store saving some part of it to move into the next financial year. We are looking at rent renegotiations at this moment for the next financial year at the same time also looking at the quantum of labor, people, both at the front end and the back end actually ensure that the employee cost some of the savings that we got this year some of it was because of merely salary corrections or cuts during this year, but part of it could be in terms of number of people managing the clinics and the back office So work is happening but I do not have a number to share at the moment.

Eshit Sheth: Sir, the second question was for Vikas, about Middle East. Actually, in Middle East what we have seen is that overall the ramp up has been very, very good, if I see for the year. However, I think we are still looking at a loss of 2-2.5 Crores. basically, at the Middle East level. Now this is in spite of all the cost reduction efforts that we have taken in the pandemic year, that we are facing, how do we look at it, in terms of sustainability of Middle East operations, and going forward how are we likely to come back into the black in Middle East?

Vikas Agarwal: Hi Eshit. You remember last time we had discussed this. So, one good thing about Middle East is that our business is ramping up. In Dec, we have actually exceeded our Pre COVID base for the first time. That is the key thing for Middle East. We do not want to hold back costs which will hamper business growth, and a lot of costs that have been put in, where you see lesser savings, are costs that directly impact business. And we are seeing a brand preference, we are seeing a customer traffic, which is ramping up to almost pre-COVID base, and and we want make sure we ride on that. I think the story here. Of course we will do a lot of effort on costs, like Rajiv said, that we are doing a zero based budgeting, and we are making sure that as much cost savings we can carry forward we will, that goes without doubt, but I see the story of growth, is more important which will turn around the profitability of Middle East. We have seen a transition from last year, or let us say last two to three years, we could see the numbers that moved with the cost savings. Now the next step is going to be growth. We are sitting in Dec, which is just about 6 months of COVID. We are very optimistic that is going to be the next turnaround of profitability in the Middle East.

Eshit Sheth: Sir based on this Vikas, if I may ask, what kind of cost savings that we did for say Middle East is kind of sustainable from your experience basically. I understand we have to drive revenues but some part of cost savings will be sustainable?

Vikas Agarwal: There are three heads, where we are focusing most on, which also impact the business growth lesser. One is the back end, and we have done substantial reduction there. Not all reduction will carry forward, but there will be some reduction that will carry forward, because of the leaner structure that we have now, and the overhead costs that have been reduced. Then there is rent. during COVID times, we negotiated on rent. While a part of it was for the lockdown period but there is a part, which is also going to carry forward. Then Clinic overheads, so again it is an opportunity for us to relook at all the overhead costs at a clinic level, and there we've got some bit of reduction . So again, as I said we have three areas where we continue to put a lot of pressure, because they don't directly hamper business growth, but when it comes to, for example, front end employee cost, that is where the reductions are not going to be substantial, because we want to make sure we have enough resources to grow. Anyways, Middle East has a very lean structure when it comes to employees and per employee output is high. So, to summarize, rent, clinic overhead, corporate overhead are three areas, which are going to more impacted.

Eshit Sheth: Can I say that in this quarter, the 2 Crores kind of saving that we had because we are already at 95% of pre-COVID levels in this quarter, the 2 Crores that we have had for quarter is something which is more or less sustainable?

Vikas Agarwal: So again, as Rajiv said I do not want to give an indication, but what we can say is that this is one of the biggest focus areas for us. In fact, we are relooking at everything in Q4 again, before we enter the next year, so we are trying to maximize as much as possible.

Eshit Sheth: Sure one more question that I had was if you could just share the customer count India as well as Middle East and the growth year-on-year?

Vikas Agarwal: I am going to talk about the Middle East then Rajiv can give for India. On pre-COVID base, in Q3, we are at around 87%, In December, though, we ramped up to almost 97%-98%. So, we have lost a base of clients in laser, but we covered a lot more clients in our core verticals which is helping grow our client base. While the business ramp up is happening faster through ticket size right now, and we were already expecting that the client traffic will build up slower than the ticket size, with the inputs we had put in, now the client traffic is also seeing a traction. Does that answer your question?

Eshit Sheth: Yes.

Rajiv Nair: For India the SSG customer count is for the quarter about 81% overall so , the good news is , existing clients have come back in good numbers and especially the premium consumers who used to come, have come back to the clinic when we look at it we look at it from the Kaya's Smiles Program. We have got a good win back on Platinum and Gold elite customers that we have today, but overall count has been at 81% of last year SSG basis.

Eshit Sheth: What would be the number in December 2020?

Rajiv Nair: December 2020 clinic collection was 92% of the total. I will not have the exact breakup of the December month specifics with me, but if you want, I can share that with you. December number was higher at 92% in terms of SSG collection, which is basically customer buying from the Clinic . Now in our case the only one month, which otherwise in other businesses, is very high and very strong is actually the November month when Diwali comes, but for us the period of two to three weeks of Diwali is actually a lull period because people do not do services in clinics during that particular period so far as actually between December and October were very good months, November comes down a bit because of Diwali.

Eshit Sheth: One last question I had was for Saurabh, Saurabh can you just share the net debt figures as on December ending?

Saurabh Shah: External debt as on December is around 16 Crores that's all we have and the debts on the promoters that is around 24 Crores so Kaya India is still not drawn down on to the full of extent, only 24.5 Crores is outstanding

Eshit Sheth: So totally we are at around 40.5 Crores.

Saurabh Shah: Correct.

Eshit Sheth: And the repayment of 2 Crores for quarter in Middle East is on track?

Saurabh Shah: Repayment of debt, Yes absolutely.

Eshit Sheth: Thank you so much I will come back in the queue.

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

Rushad Kapadia: Thank you. There are couple of questions Sir. One is could you please throw some light on the capex guidance for FY22 and FY23?

Rajiv Nair: Too early for us to comment on it right now, cannot give you any guidance right now.

Rushad Kapadia: Okay Sir, just one more thing now that many service providers are giving beauty and grooming services at their homes itself, client's homes so does Kaya have any such plans to enter this similar segment?

Rajiv Nair: Good question I think it is a booming industry right now, but the type of services that we do are medical services. Sometimes we do a combination of machines and chemicals, it is very difficult for us to do that at the home service so we definitely do not see ourselves in the home vertical in the near future for sure. At some point if we can bring more flexibility to the equipment that we use in the clinic, we probably can do some services at home, at this moment there is no such plan.

Rushad Kapadia: Okay Sir. Thank you.

Moderator: Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital Partners LLP. Please go ahead.

Deepak Poddar: Thank you very much Sir. Sir last time the line got disconnected so I could not understand or get what you were saying. So for the sake of repetition I would point out my question, basically what is the potential of our business for the next two years that we are seeing and the breakeven that we have done so how sustainable it is?

Rajiv Nair: Actually I cannot give you the numeric indication there. I will instead talk about the growth focus areas. One area is as I mentioned is e-commerce which will be something that we are going to invest fairly aggressively on including our brand.com (our own website) that will be setting up for India in this quarter. Middle East already has revamped its website. We are looking at some collaborations so recently we tied up with Cure.fit in Bengaluru and that is a pilot that we have started just now so all our clinics in Bengaluru are now listed on Cure.fit and you could buy services on the Cure.fit platform for people to come to our clinics in Bengaluru and we are at a current pilot stage and if that pilot stage works, then we will ramp it up in all the cities that they are present. Our own website will also have an ability for people to book appointments online, which we today to do a lot of bookings through callouts from the clinic to the customers so that is something that we will be enabling on our website. E-commerce of our own will also happen through brand.com website which we are doing and obviously we do partnerships with Amazon, Nykaa, Flipkart, Myntra which we will continue to push for growth in e-commerce.

Deepak Poddar: Understood.

Rajiv Nair: And also one last thing I would like to mention I think Eshit actually mentioned about the closed clinics, which are about 23 odd clinics that we have shutdown, we have done an aggressive campaign at this moment to recover customers from closed clinics to live clinics .We hope to get almost a Crore per month from customers who are from the old clinics coming into the new clinic and we are doing specific campaigning to those customers and specific offers to those customers who come to the newer clinic which are there. So we do expect an extraction of some of the revenues from the old clinic into the new clinic. So that's another area that we are working on right now.

Deepak Poddar: Okay understood this point and then what about sustainability of breakeven is there any comment that you want to make?

Rajiv Nair: I cannot give you a comment, you must have seen the efforts we have taken in the last six to eight months on cost side and also the ramp up of revenue so we would like to continue to utilize this momentum towards improvement of revenues both on the product side and the services side so that is one thing which is there. As I mentioned from a GC perspective also we are working fairly hard to improve our cost of good sold so that is the second area and cost part as I mentioned we are working on zero based cost working at this moment to ensure that some part of what we have saved in this financial year is able to move into the next financial year as well as the next few financial years and that is the activity that we are currently working on.

Deepak Poddar: That's great. All the very best and that is from my side.

Rajiv Nair: Thank you.

Moderator: Thank you. The next question is from the line of Riddhima Chandak from Roha Asset Managers LLP. Please go ahead.

Riddhima Chandak: Sir we have different services like laser hair removal, reduction, brightening, and pigmentation and anti ageing so among all our product or segment, which segment is gaining more traction you are seeing in the market?

Rajiv Nair: Currently our largest segment happens to be laser hair removal where we have almost reached last year's number right now in terms of service revenues despite of the pandemic. People are finding it may be safer to do laser hair removal instead of doing waxing in parlors or salons so people are actually coming in for more laser in the India market. We also seeing significant ramp up during the COVID period in the acne segment where also we have seen significant improvement in terms of people coming for services. People wearing a lot of masks all the time also suffer from acne and reasons of which people seem to be coming more for Acne Scar. The third vertical which has ramped up actually is anti-aging as a segment which has also picked up because earlier when we started people were not coming for any injectable services which are there now services like Botox fillers have also ramped up over the last quarter. During Diwali and post Diwali we are seeing good numbers. Certain services have still not picked up for example beauty facials are really low at this moment because of the touch feel factor because without touching the client's face, it is difficult to do beauty facials the people are still not very satisfied with the service of beauty facial so I think the numbers are still very poor in comparison to last year. Products have ramped up but not as much. We have seen about 28% decline in terms of SSG product growth in the clinic, but considering that our overall recovery was about 84%, products are at 28% decline which is something that I think is another area that we are trying to push towards. So in summary hair removal is the category which has picked up the maximum followed by acne scar. In brightness and pigmentation that you mentioned as a segment fairness pigmentation or brightness pigmentation, we have seen a decline of 27% in the category in the last quarter on an SSG basis. While peels as a service has done extremely well doctor led peels services done extremely well in fact it is growing on last year we have actually seen a decline in Q-switch which is a machine-based service over the last few months so that's the reason why maybe fairness pigmentation has not picked up as much as we would have liked it to be.

Riddhima Chandak: We are almost at the end of FY20 we have almost 100+ expert dermatologist so as of now is there any rationalization in that number?

Rajiv Nair: Not really, we still would have more than 90+ dermatologist in the business and we will continue to have that. The number of dermatologist per clinic or number of part time dermatologist working for Kaya is limited, most of our doctors are working with us for more than 36 hours in the clinic so I do not see much more rationalization happening on the front.

Riddhima Chandak: Okay Sir. Thank you.

Rajiv Nair: Thank you.

Moderator: Thank you. The next question is from the line of Eshit Sheth from Anvil Wealth Management Pvt. Ltd. Please go ahead.

Eshit Sheth: Sir one question I had was can you just highlight a little bit on how the competition has fared both in India and Middle East?

Rajiv Nair: I would say during this particular period we did see some of the known competitors in the market facing significant cash flow challenges. While we continue to pay our employees on time for the last eight to nine months. we have seen significant issues with employee payouts with some other partners over the last six to eight months' time, so salaries were delayed, sometimes incentives were delayed and stuff like that. That gives you an indication there have been a lot of cash flow pressure in the last eight months in some of the key competitors in the market & also in Middle East for that matter.. What impact it will have in the long run we really do not know, what impact it will have whether the continuity of some other businesses and growth of some other businesses remains to be seen.

Eshit Sheth: In terms of competition is it fair to say that where Kaya India and Kaya Middle East has reached competition would be substantially lower so that means that there is a preference towards Kaya.

Rajiv Nair: I really do not know there are conflicting numbers that I keep getting. According to a source from the retail industry the kind of ramp up that we have seen is much better than that of the market. We had seen between 65% to 70% achievement of last year's number in some of the related industries like for example salon and salon services, but I cannot be completely sure because we do not have published numbers available with us for the last quarter, so I cannot really give you that indication, but we do believe we have done better than that of competition.

Eshit Sheth: Okay, secondly in terms of how we are placed maybe next couple of years I mean pandemic was big challenging year for the entire industry as well for us basically in terms of how we are placed and how we are looking at growth in the next couple of years because we have two to three key event for us for example in Middle East will have the Dubai Expo which is going on which attracts many tourists and if look at India you know with consumer sentiment improving on a daily basis where you have seen FMCG growth in high double digit how are we placed and how do you see growth happening for the next couple of years for the industry to just give a sense of your understanding.

Rajiv Nair: One good thing that you mentioned is sentiment is improving in India. Middle East does have some COVID headwinds in the recent past while it has been relatively secure from COVID for the last eight months, but vaccinations is happening at a very, very fast pace in the Middle East & they actually want to cover their entire population, Vikas was telling me, the entire population will be vaccinated before the Dubai Expo. India sentiment will be high, but vaccination will be slow so I think will be a bit of caution in the market at least for the first couple of quarters. It would not be as bad as last year, but people will be cautious is what we think so that end which is there but one good thing is the fact that because we are into physical services and touch and feel based services because we have reached 81% and in the case of December about 92%, I am pretty hopeful that we will see good momentum in the first two quarters of next year, but difficult to say right now as to how the entire vaccination will pan out and how the market will keep behaving over the next six months but I think sentiment right now are pretty much positive.

Eshit Sheth: Rajiv, what I want to say is you see how COVID had played out in India I think the larger cities are much more affected than the smaller towns. Kaya being a larger city kind of a player, the rebound also should be very, very swift for us. Is that something that you all are anticipating for next year?

Rajiv Nair: So obviously yes for this positivity which is there as you mentioned rightly cities like Mumbai were extremely badly affected with COVID in comparison to other cities. If you see Delhi, Bengaluru, Mumbai was more affected than that so obviously the rebound cycle will be better you know in the market, but it is extremely unpredictable at this moment because we are all hoping around the vaccine at least move up and there is no second wave. Dubai is currently facing some challenges of increased number of case. Suddenly the cases have increased because of the UK strain, UK variant it is very difficult to say what will happen in the next six months. We can only hope that the because of the vaccine the sentiment will continue to remain positive and as you said the cluster B cities will continue to be resilient and good. Cluster A cities which are very poor last year will start to have better sentiment and emotion this year and already you can see people going to malls and all over the weekend, food outlets and stuff so I think the mood is definitely more upbeat right now.

Eshit Sheth: One last question is on the rent negotiation part some of it can we assume that some of the rent negotiation that we have undertaken in India as well Middle East are to stay with us longer term basis like probably a couple of years?

Rajiv Nair: I can only tell you that we are negotiating I do not know think the rent scenario is going to really be very solid next one or two years and people are going to pass on lot of benefit in the next one or two years so what we are trying to do is some of the escalation that we are coming across which is every three years we have an escalation with some other partner we are trying to see whether we can keep that steady instead of getting an escalation right now so against the growth that we were predicting on rent, we may probably see a upside but whether people will cut rents next financial year honestly I do not see that situation.

Eshit Sheth: Correct, fair enough. Thank you Sir.

Rajiv Nair: Thanks a lot.

Moderator: Thank you very much. Ladies and gentlemen that was the last question for today. I will now hand the conference over to the management for closing comments.

Saurabh Shah: Thank you. Just to conclude, the group is closely monitoring the developments and possible effect that may result due to the current pandemic on financial condition, liquidity, and operation. We are actively working to minimize the impact of this unprecedentedly situation.

Moderator: Thank you. On behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.