

Kaya Limited

Q2 FY21 Earnings Conference Call

- **Moderator**
- During the conference, please signal an operator by pressing ‘*’ and then ‘0’ on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Jinesh Joshi from Prabhudas Lilladher. Thank you and over to you sir.
- **Mr. Jinesh Joshi – Prabhudas Lilladher Private Limited**
- Good morning everyone. On behalf of Prabhudas Lilladher, I welcome you all to the Q2 FY 21 Earnings Call of Kaya Limited. We have with us the management represented by Mr. Rajiv Nair – CEO, Kaya Group, Mr. Vikas Agarwal – CEO, Kaya Middle East and Mr. Saurabh Shah – CFO. I would now like to handover the call to management for opening remarks and after that we can open the floor for Q&A. Thank you and over to you sir.

Mr. Saurabh Shah – CFO, Kaya Group

- Hi, good morning 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 the Q2 performance of Kaya Limited which is already in public domain and uploaded on our website www.kaya.in. Kaya Limited posted consolidated revenue from operation of Rs. 74 crores for the quarter ended 30th September 2020, a decline of 27% over the corresponding quarter ended 30th September 2019. Consolidated EBITDA is Rs. 14.6 crore as compared to Rs. 14.6 crores in Q2 FY20 which is same. Loss after tax and minority interest for the quarter 30th September 2020 is Rs. 4.3 crores compared to loss of Rs. 9.5 crores for the corresponding quarter last year. Overall Kaya operates 73 clinics in India and 23 clinics in Middle East. The beauty wellness in the retail industry has been adversely effected by the spread of COVID-19. The group faces significant headwinds due to COVID-19 which has impacted the operation of the group adversely starting from the month of March onwards, particularly by the way of clinic closure due to complete lockdown. This unprecedented disruption has had an adverse impact on the quarterly performance.
- However, some of the key highlight of this quarter performance I would like to just brief you. 73 Kaya clinics in India and 23 clinics in GCC regions were operational and open for customers with high safety protocols during the FY 21 Q2. Collection at clinics in India has achieved approx. 65% of the business in September 2020 as compared to previous year after business resumed in July 2020, the 35% collection versus FY 20. The Q2 cumulative collection at SSG was (-) 29% at constant currency versus last year. E-commerce business in Q2 FY 21 grew by 12% over Q2 FY 20. Collection at clinic in the GCC region in Q2 FY 21 was 89% of the Q2 FY 20. While clinics has achieved

approximately 92% of the business in September 2020 as compared to previous year. All GCC countries showed a good ramp up in September 2020; UAE at 88%, Saudi and Oman above pre-COVID level. In India the customer count in Q2 FY 21 was at 50% while the ticket size has reached 93% of the pre-COVID levels while in Kaya Middle East the tickets have grown by 15% of the last year, boosting revenues further. Business in India has seen rebound in segments like **hair free** which have seen 60% of the FY 20 Q2 number while anti-aging and acne has seen 50% of the Q2 FY 20 number. In Middle East all treatment related services reached pre-COVID level. Cost rationalization measures initiated due to pandemic has resulted in cost saving of Rs. 19 crores in Kaya India, in Q2 FY 21 against last year Q2 FY 20. Kaya Limited was ranked 53rd and got recognized as one of the 100 best companies for women in India out of 321 companies that participated. Company has launched **Tea tree** purifying face wash and night mask range of products during this quarter. The detailed information update is already with you. I now open the session for question and my colleagues and I will be glad to answer them. Thank you.

- **Moderator**

- Thank you very much sir. Ladies and gentlemen, we will now begin with the question and answer session. Anyone who wishes to ask a question may press ‘*’ and ‘1’ on their touch tone telephone. If you wish to remove yourself from the question queue, you may press ‘*’ and ‘2’. Participants are requested to use handsets while asking a question. Anyone who has a question may enter ‘*’ and ‘1’.
- Ladies and gentlemen, if you wish to ask a question, you may press ‘*’ and ‘1’ on your touch tone telephone. We have our first question from the line of Eshit Seth from Anvil. Please go ahead.

- **Mr. Eshit Seth – Anvil**

- Hello, good morning. Thanks for taking my question. Sir, a couple of things. One is that in the presentation it is mentioned that customer count in India has reached 50% of last year levels in Q2. How are you seeing the exit on this, like can you give a sense on how September and October have been for us in India?

- **Mr. Rajiv Nair – CEO, Kaya Group** Yeah, without giving any guidance for the future , it has improved from the last quarter September ended at 65% with a customer count of about 50% and it gradually has increased further from there. Customer entry has reached 60% now.

- **Mr. Eshit Seth– Anvil**

- Sure, and when you talk about this 60 or 65% that we are leading to, are we subtracting the 23 clinics’ customers...?

- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah these are all SSG... these are SSG numbers only
- **Mr. Eshit Seth – Anvil**
- Oh these are the SSG numbers.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, SSG numbers.
- **Mr. Eshit Seth – Anvil**
- Okay and in terms of the ticket size we have almost reached on the exit run rate side we have reached close to...
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, quite... I mean certain category like hair removal which was very sought after category after the reopening , we have already crossed last year's number. There are certain other segments which are very close maybe between the 85-90% number. The only largely affected category has been facial where I think the overall propensity to consume because of the touch factor has been low. So that is the category which has taken probably the biggest hit post COVID. Anti-aging, fairness pigmentation and hair removal which are our core categories have moved fairly upwards on all parameters. In fact products also, initially started off slow in the clinic because of very slow customer movements but progressively in the month of September-October we have seen a good ramp up in product as well.
- **Mr. Eshit Seth – Anvil**
- Sure. So in terms of overall product sales for India what is it now at?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- So products for the last quarter was 25% largely dragged down a bit by the clinic performance in the first 2 months, where the clinic performance because of customer entry was low. The e-commerce business ramped up much faster. We saw in the month of September a business growth of more than 70% on last year. Though overall cumulatively for the quarter we have seen only a 12% growth in the e-commerce segment. But between clinic and e-commerce, we believe e-commerce is already ramping up at a much faster rate and we will continue to show good double-digit growth in the future quarters as well.
- **Mr. Eshit Seth J – Anvil**

- Sure. And when Saurabh eluded to the Rs. 19 crores saving that is he is taking about the clinics that were shut, the 23 clinics that we shut?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- **No, its includes** clinic that was shut but also includes savings in terms of corporate overheads and physical clinic overheads.
- **Mr. Eshit Seth – Anvil**
- Okay so this was **sustainable** Rs. 19 crores which has come out of...
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Certain areas may not be sustainable like for example the rent negotiation have a progressive ramp up in terms of cost over four quarters. So some of the rents where we are, you know we started off with almost no rent in the Q1 had a percentage saving in the Q2, will progressively have a little lesser saving in Q3 and maybe by the Q4 it will reach about 80% levels of last year. We are negotiating rent not just for this year but also looking at the future years as well based on the current pandemic scenario. So taking advantage of that we are also renegotiating terms wherever we had rent renewal in this year.
- **Mr. Eshit Seth – Anvil**
- Got it. Sir, if I were to just ask one more question. If we were to look at the 23 clinics that we shut down, in a like-to-like basis when we reach 100% of pre-COVID levels what is the turnover that we are looking at close to...?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- So roughly those clinics, which were the 23 clinic had a turnover of Rs. 29 crores, Saurabh just correct me if I am wrong on this...
- **Mr. Saurabh Shah – CFO, Kaya Group**
- Yeah, yeah Rs. 29 crores
- **Mr. Rajiv Nair – CEO, Kaya Group**
- We have actually launched a massive campaign right now in the existing clinics to move these customers to the New clinics in the vicinity. So we would be targeting at least a 50% of this customer count, especially the premium tier consumer to come to the near clinic. This project will take anywhere between 3-4 months where we are continuously communicating to these customers and making sure that they do come to the new clinic. There are certain special incentives that are also there for the consumer for

coming to the new clinic. So we don't want to really lose the entire Rs. 29 crores of revenue, we are trying to see at least 50% of that can be garnered as fast as we can.

- **Mr. Eshit Seth – Anvil**

- Sure, and in terms of customer count, can you give me the number for this quarter? The customer count number.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- So Saurabh would you have that number offhand? I do not have it with me here.

- **Mr. Eshith J – Anvil**

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- Or I can take it offline.

- **Mr. Saurabh Shah – CFO, Kaya Group**

- Yeah, that will be better.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah, so we will send it to you.

- **Mr. Eshit Seth – Anvil**

- Okay. And sir, one more question I had was what is the debt level right now for India and the group and what is the plan going forward on the way we are anticipating cash flows to play out?

- **Mr. Saurabh Shah – CFO, Kaya Group**

- So basically Eshit th from external loan perspective that would be around Rs. 18 crores while loan from Director is around Rs. 24.69 crores, from cash balance perspective is around Rs. 26 crores and India has Rs. 15 crores cash and **KME** has Rs. 11 crores cash. So I think we look at the environment and accordingly we will plan our cash flow. We currently don't anticipate but it all depends upon the Q3 and Q4 environment.

- **Mr. Eshit Seth – Anvil**

- Okay, okay, sure and one question I had was for Vikas. Vikas, how are things shaping up for Middle East basically? Obviously we are already at (+) 90% pre-COVID now and how do you see the cost also playing out for Middle East, because if you look at this quarter turnover also we are somewhere close to you know, 4% lower than last year.

However we are still not able to generate you know, positive PBT in the Middle East business. So what are the plans on the Middle East front?

Mr. Vikas Agarwal – CEO, Kaya Middle East

- Things on the turnover level are looking good,so we have done 90% in Q2 and September has existed at 92%. We believe we'll soon, very soon recover the turnover. Now on the cost front, yeah, I mean the costs are moving up because we had got a short term **levy in Rental and employee cost** in Q1 which has not spilled over to that extent in Q2 so we have on constant currency I think we have come down by almost 8-9% on cost in Q2 also. Some part of it will spill over in the rest of the year. But again the business here relies a lot on man power which is expensive and as the business is ramping up we are also making sure we have the required manpower here, which is why the cost structure will also not sustain to the extent of savings that we had done. But I think with the business ramping up so fast and another 6 months left with us, we believe that the turnover will sight profit which is something that we have seen already in countries like Saudi and Oman and UAE is also very close to ramping up to pre-COVID levels. So, I think, one because the situation in the country is only improving, all the countries are really fighting COVID well. We don't see much setback coming in the future and we are positioned very well in the post COVID market as a brand where attraction being driven towards brands like Kaya which will ramp up the turnover faster and that should help us in getting to our profit bouncing back to our profit much faster. But yeah, the cost structure will not be a substantial reduction in the coming time given the market, given that we need the turnover and we need the resources to accomplish the turnover that we have. But we are very hopeful that we can see a very positive trend in profits with the turnover.

- **Mr. Eshit Seth – Anvil**

- Sure. The only reason I am asking is because if I look at Q2 cost structure, I would say that more or less it is normalized now. Obviously little bit there will be you know, sequential growth in terms of cost. But you anticipate that because of the growth that we had in turnover we will be able to at least be positive on the PBT front in the next second half of it?

- **Mr. Vikas Agarwal – CEO, Kaya Middle East**

- I am not going to be able to give you an indication. But the plan is where the turnover will lead to a much better profitability and that is what we are hoping for because we have got the resourcing right, we do not want to compromise on the resourcing to achieve the turnover that we are actually looking forward to, and if you look at our last 6 months spend I mean, it is actually nearly 3 months ahead, our business has moved from 30% to almost 90-95%. So that rampant growth in turnover that we are seeing and if that is continuing we should be above pre-COVID levels and that will try to contribute.

- **Mr. Eshit Seth – Anvil**

- Right, and is there any plan to roll back the cost that you had all given because the business has ramped up so quickly I mean we see the strength in lot of businesses but the cost cut, I mean, the employee cost reduction that we saw in terms of absolute numbers that is not likely to come back for the preceding quarters, right, any time in the future?

- **Mr. Vikas Agarwal – CEO, Kaya Middle East**

- So the employee cost had, sorry Rajiv was saying...

- **Mr. Rajiv Nair – CEO, Kaya Group**

- We will just break that into two parts, one I think let Vikas explain how the Middle East is panning out because it is a low volume employee with high cost. So let him first explain that I will explain what changes we will do also in India. So let Vikas explain.

- **Mr. Eshit Seth – Anvil**

- Sure.

- **Mr. Vikas Agarwal – CEO, Kaya Middle East**

- Yeah, so I think employee cost reductions were in two parts; one is of course we had taken certain cuts when the turnover was not ramping up and secondly we also had lesser manpower in the quarter. So the cuts has obviously are going to be a bounce back and there will be no cut given that we have now almost returned to pre-COVID level. In terms of manpower we will not operate exactly at the same manpower as last year for the time being. We have reduced the manpower, the structure is a lot better. But over time as our business grows and goes back to the pre-COVID levels of course the manpower will come in. So there will be some saving, marginal saving in manpower cost going forward given the number of people that we are operating with right now but we are hoping again with the turnover ramping up even more the manpower cost will not really be a saving over last year by the last quartet but the profits will come in through the turnover.

- **Mr. Eshit Seth – Anvil**

- Okay, okay, got it.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Just to substantiate that Eshith, India market has been a lot tougher than what has happened in the Middle East where things have come under you know almost pre-COVID level. So we will continue to have some cuts in terms of salaries going into this

quarter as well. We have in addition, also rationalized the total quantum of labor per clinic. So what has actually happened is say for an example, an average clinic would work with about 5 therapists in the past. Today we are averaging about 3 therapists in a clinic. Doctor numbers were more than 100 at some point, we are working at about 85-86 doctors at the moment in the business. In the back office we did some rationalization of noncore position and that will continue to remain for future business as well. So that is the three parts that we have done.

- Fourth thing we have done in both markets was to control incentive as a percentage to total business. The way the incentives are structured now are fairly correlated to clinic net revenue performance.. Obviously, employees will have the incentive to perform better and there will be direct correlation so even doctors or clinic managers or therapists all of them are fairly largely tied to overall performance of the business. So to that end productivity is one and incentive control would be another area that we have actually done you know, which shall be progressive benefits for future.

- **Mr. Eshit seth – Anvil**

- Okay, okay thank you so much.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah, yeah.

- **Moderator**

- Thank you. A reminder to our participants. If you wish to ask a question you may enter ‘*’ and ‘1’. Our next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.

- **Mr. V P Rajesh – Banyan Capital**

- Hi, thanks for the opportunity. My first question is regarding the e-commerce numbers. I did not quite understand when you were saying that you saw 70% growth in the month of September, yet the overall growth was only 12%. So if you can just elaborate on that?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- In In Q2 ,the e-commerce warmed up, opened up and started taking in stocks in anticipation of pre-Diwali activities, there has been a ramp up in terms of quantum of stock that were being procured by large partners like Amazon and Nykaa, which are our core partners and we do believe a similar movement will happen in this quarter so that is how we see it. So when we look back at the month of July, we had only what you call essentials being bought by them, but as business increased in skin care and other segments started ramping up and we saw good ramp up both in August and in

September, September was better so that is how the ramp up happened on e-commerce.

- **Mr. V P Rajesh – Banyan Capital**

- Understood. And could you tell the growth in October? Because...

- **Mr. Rajiv Nair – CEO, Kaya Group**

- No, I would not be able to reveal it is a good, strong growth, high double-digit growth but I cannot tell the number out at the moment.

- **Mr. V P Rajesh – Banyan Capital**

- That is fine. The other question is when you said 25% is coming from products, what percentage is coming from direct your website versus your partners like Amazon and Nykaa?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Our website is a very small percentage. So just to give you some heads up on it, we are looking at a complete revamp of the website. So we have started a project which I think will conclude by Q4 where we will completely do an overhaul of our website both from a technology perspective as well as the complete UIUX, SEO etc . Today the website contribution is 5% of the total e-commerce business. So it is a very small percentage that comes from our own website.

- **Mr. V P Rajesh – Banyan Capital**

- I see. And then on the Middle Eastern business, once the business comes to its steady state do you think you will go back to the EBITDA margins you used to have, or do you think they will be reset at a lower level?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah, so I will broadly explain that and then I will leave it to Vikas. Across three markets which is basically largely our UAE market, Saudi as well Oman we have seen a good ramp up . Vikas had mentioned from the cost perspective, we are working on the gross margins improvement with a higher average transaction value vs last year. We are able to work with much lesser discounts. On the cost fronts, on the employee cost fronts there may not be major benefits that can be flowing into the EBITDA line but all other overheads will be looked at fairly aggressively. So I think turnover growth is one thing and margin growth is another which will help us get a better EBITDA. So I will leave it to Vikas to explain a bit more.

- **Mr. V P Rajesh – Banyan Capital**

- Yeah.
- **Mr. Vikas Agarwal – CEO, Kaya Middle East**
- No I can't explain well, just to add to that. So the Q2 at almost 90% of the turnover we have equaled our margins or better that slightly. Now that is a promising thing where like Rajeev said apart from the employee cost, there is a saving across other cost elements which we have achieved in incentives, overheads, the corporate overheads and some of those savings will continue and continue to benefit us while the biggest focus is going to be on the turnover growth because we have seen then the moment and like Rajeev said the value for customer is growing very well. This was also the part of the bandwidth growing almost 15% in value for the customer, which was helping us ramping up faster and there are countries like Saudi, Oman which has already reached their pre-COVID levels in cost. So with the turnover growth driving the value for customer and with the client count constantly steadily increasing, I think the turnover will be the main story with some benefits in cost that we will continue to have and which will definitely have an impact on the profits in the next 6 months, yeah.
- **Mr. V P Rajesh – Banyan Capital**
- Okay. And then on the Indian business side, could you comment on the competitive intensity because I would assume lot of smaller operations may have disappeared during COVID but are you starting to see them come back or they are gone forever. If you can just give some color?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, so I think...
- **Mr. V P Rajesh – Banyan Capital**
- ...you know beauty and your hair removal etc.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Correct, correct. I think we saw very strong improvement in customer feedback. So just to give you an example our NPS scores are at an all-time high right now in this particular quarter vis-à-vis the past. So NPS last year used to hover anywhere around 45 . Today it has reached as high as 74 NPS for the business. There is very positive feedback from the customers who are coming in. We have also gathered feedback from customers who have come for the first time into our clinic and we have seen customers have moved to us from salons, customers have moved to us from smaller dermatology businesses and have come to Kaya because of the safety factors that we have. We had advertised fairly extensively for 60 additional safety precaution and measures in the clinic and that actually helped us you know, give that certainty to customers. My view personally is having visited multiple healthcare operators over

that last 1 or 2 months , I can say with confidence that the quality of safety measures that we are providing is probably the best in class across healthcare. So to that end I think we can see progressive ramp up, pandemic has also created more awareness or heightened awareness for safety amongst people. Indians to some extent sometimes do compromise but now I think people have started to realize that price is not everything, it is the quality and the safety that is important. The pandemic has really brought that to the core and to that extent we can see movement has happened.

- So I think, you know, I will tell you areas like hair removal, okay. Hair removal was an absolute need for the customer during the pandemic. They were sitting at home, body hair is unhygienic, waxing is not allowed, nothing is allowed and immediately there is an opportunity of going for a few services at Kaya . We have actually crossed last year's number in hair removal now, already by about 10% in the month of October. So that also shows that the safety of procedures, the safety of the therapist who are actually in PPE gears you know, operating on customers, constant sanitization of clinic, constant sanitization of machines. All of these are explained to customers. We in fact did a very good safety video which received a few million hits on YouTube and that also helped get customers aware of the safety aspects of the clinic. So I think to that end I see that the customer will take a journey from unorganized to organized with this. Maybe we are not the only guys who will benefit. Anybody who is in an organized player and focusing on safety will get the benefit which will happen.
- The other part of the competitive activity we have seen some of the competitor's struggle, I will not name them but struggle even financially over the COVID period and have had to take significant cuts in pricing and quite a few of them advertised 50-60% discount during this particular period wherein we in fact raised the prices by 10-15% due to this particular period. So that is how the change we can almost see in the competitive scenario.
- **Mr. V P Rajesh – Banyan Capital**
- I see, that is fabulous. My other question is what kind of utilization are you seeing in your clinic? I know it was never 100%...
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, yeah.
- **Mr. V P Rajesh – Banyan Capital**
- But I think you used to target around (+) 65% so where are you in...?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- So pre-COVID levels utilization in India clinic would be in the range of about 50-52%. It would have gone proportionate to customer walk-in in the clinic. So right now SSG

basis it will be about 80-85% of last year. So roughly about 40-42% utilization right now in clinic because of the volume of the customer traffic being lower during this particular period over the 3 months.

- **Mr. V P Rajesh – Banyan Capital**

- But has the cheque size gone up meaning...

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yes, not till the... so while the APS is slower the average transaction value has gone higher than last year. The ticket size per item bought has come down. But number of transaction done by consumer, the number of units per transaction has gone up. Consumers also consuming more services now per visit. So earlier customers would buy at least less than 2 services per visit now it has reached almost 2.25, 2.3 services per visit. It is also the safety aspect because the customers also want to spend more time in one visit rather than come multiple time into the clinic to take service.

- **Mr. V P Rajesh – Banyan Capital**

- Is it fair to say that we will be consuming lower value services at this point in time...

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Not really, not really. I will tell you what has happened is that certain services have some question mark in people's mind when we started the business. So for example in the month of July people were asking whether we should take injectable services. Certain services have blood plasma eg PRPs for example that we do. Initially the customers were very hesitant in the month of July. By September, October we have seen people are using a lot more injectables today than what they were doing two months ago. So they first came for absolute necessity. So they came largely for hair removal. Okay? Post that the fairness pigmentation business and the anti-aging services have actually moved. Some services like Q switch which are actually just face brightening services using laser, there's still is a little bit of apprehension because it's on the face and that's why it's taking a little bit more time and that's why the value of those transactions have probably come down that what it should be, in the past year.

- **Mr. V. P Rajesh- Banyan Capital:**

- I see. That's very helpful. I'll get back in the queue for more. Thank you.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Sure, sure.

- **Moderator:**
- Thank you. A reminder to our participants, if you wish to ask a question you may enter * (star) and 1. Ladies and gentlemen if you wish to ask a question you may enter * (star) and 1. Any participant who has a question may enter * (star) and 1 at this time. The next question is from the line of V. P Rajesh from Banyan Capital. Please go ahead.
- **Moderator:**
- Mr. Rajesh please go ahead with your question.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Okay.
- **Moderator:**
- Sir there seems to be no response from this line.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Okay. Any other questions?
- **Moderator:**
- I'll just check sir. Any participant who has a question may enter * (star) and 1. We have a question from the line of Ayaz Motivala from Nivalis Partners. Please go ahead.
- **Mr. Ayaz Motivala- Nivalis Partners:**
- Yes. Hi good morning, this is Ayaz.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Thank you. Good morning.
- **Mr. Ayaz Motivala- Nivalis Partners:**
- I have few questions. Sir I want to just ask a couple of questions on the new product initiative, on the product side as well as the service innovation slide that you talk about, such as focus on deals and the tie ups with the German company Schwarzkopf as well as the hair side of the business that you talked about. So if you could throw some light

on the initiatives you've taken and what you're trying to attract in addition to the operation of the clinic business as is traditionally there?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Okay. So as far as products are concerned, we have a full pipeline of products for this financial year. We've not actually stopped any launches for the financial year. So we had about 6 to 7 core launches for this financial year. In the last quarter we launched two main products one is the Tea Tree purifying face washes which are priced at Rs.250. This is part of what we call as derma-natural, which is our dermatology plus natural range. Again priced fairly attractively. Tea Tree is an ingredient which is very well sought after and is something that we have been looking forward to launch for some time. So we've done that. We've also launched four variants of night mask during this particular time. Again it's fairly popular category. Price points are also very attractive. We're talking about a price point of 299 Rupees. So fairly aggressive, good quality products with strong ingredient story which have been added. So there are four ranges that have been brought in this particular segment. We do have multiple product line introduction planned in the next two quarters as well. So there is fully a pipeline that we will continue to invest on. Second part as far as... Can you hear me?

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Yeah. Just a pause. In the sense that when you say it's quite effectively priced would you compare this to what kind of natural derma products, to get a sense of what is your competition here that we're talking about.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- So for example brands like a Bodyshop would be something which would be a competitor at a much higher price point. Our price points are aggressive. There are strong skin care focused brands which are there. Like for example the Neutrogena from J&J, the L'Oréal's of the world, who actually do play in this combination story of dermatology as well as natural ingredient story. We do have new age competition in this segment. There are brands like WOW, Plum, Mama earth and stuff like that who also participate in this. They very strongly play on the online space and the distribution space. So those are brands which are in the more entry price segments. So they are more in line with the pricing that we've actually done on these kind of products.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Okay.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Ah okay. So that's as far as the product launch is for the last quarter. As far as services are concerned, we actually did a host of new peels for customers during this particular quarter. It is not that we were motivated by pandemic, but actually it helped us quite a lot in the pandemic. So both in the brightening segment as well as in the acne segment we got peel introduced. So there was an advanced skin bright retinol peel, acne control peel and advanced acne modified clessner peel, we launched during this particular period. And actually, peels business has grown much higher than last year. We've seen double digit growth in peel as a segment because one is peels are administered by doctors. It's a high efficacious service. So if you do not want to take facials which are therapist led service, not as technical. Second is that we also launched a tie-up or a collaboration with Schwarzkopf. We do a hair spa service which is called HHBS. Largely these were out sourced products that we used to buy from brands which are relatively unknown plus we then did Kaya Only product in this particular space. But we thought that an international tie-up will help because consumers do know Schwarzkopf as a brand. And that's why we actually brought in two ranges in this, which is the Kaya Fiber Clinic and Kaya Smooth Keratin Range, which would be an addition to our hair spa services given to customers. We are also doing non-touch or non-contact facials right now where there is no physical touch of the therapist on the face of the consumer. This was done purely for the COVID period. And we have also brought in a new technology or a new machine from Korea which is known as Oxygeneo which actually is an oxygen facial. So basically it's an expert facial or a medi-facial done with their technology. Just to give you some insights on new services or focus services that are coming up in the next quarter. We are actually doing a complete rehaul of our thread's portfolio for anti-aging and skin tightening. And that's something that as an expertise we're bringing to all our doctors in India. So threads is something that we're doing. Then we're doing high frequency ultrasound. Again a skin tightening service using Hi Frequency Ultra Sound (HIFU) technology. So we're actually doing four installations of this technology in this quarter and we'll continue to expand on that portfolio going forward. So these are the look in into the new innovations that are coming up in this quarter.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- And sir lastly on the hair side you've got some hair related services, hair care services as well. Is that gaining traction or is this..

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah, so a couple of things are there. We actually started by doing a full portfolio services which included hair spa, hair PRP , Nutri infusion and we also did transplant. Now transplants really did not take off much for us because we're perceived to be a largely a women focused brand. And hair concerns to that extent of transplant was a fairly strong male concern and also sourcing of clients is a very complex activity, a very high cost activity per customer. So we actually gave up on hair transplant as a business.

We do very well on the hair loss segment, which are a doctor led service. It still doesn't contribute very significantly to the business. Roughly about 5 to 6% of the total business. We will continue to invest on this segment. As far as hair spa is concerned, we will continue to tie-up with companies like Schwarzkopf where we will bring in international ranges of products for customer use which will probably give them that confidence on the hair spa that we're offering. And our therapists are trained by technicians and trainers of Schwarzkopf and that's where we will bring in expertise and hair spa through these.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Hello. Yeah.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah. Yeah sorry I thought I lost you. Any other questions?

- **Mr. Ayaz Motivala- Nivalis Partners:**

- No. Yeah, so this hair conditioning solution is under this hair spa as you call it, right?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah, yeah it's the hair spa. Because we call it as HHBS- Hair Hell Boost System. So that's what it is.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Yeah this is very helpful sir. And one question to Saurabh on the money in India and the Middle East in terms of cash lying, that was called out. I'm sorry I missed it. Was it external loans which you said was 18 crores and 25 crores from directors? What about the cash levels in terms of funding position? Please if you can just give kind of highlight.

- **Mr. Saurabh Shah- CFO, Kaya Limited:**

- Yeah, yeah. So India is around 15 crores balance. And Middle East has around 11.5 crores cash balance. So we are pretty much currently comfortable. If you remember there was some loans sanctioned from directors which was around 32 crores. We've still used up the sanctioned Rs. 7.5 crores. So we look at the environment in Q3, Q4, looking at the environment we have currently managed well on the cash front. But will depend upon all Q3, Q4 performance.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- And from an accounting point of view on the customer advances which you have shown as balances. So these are services to be done and pre-bought packages from before, right?
- **Mr. Saurabh Shah- CFO, Kaya Limited.**
- Correct. Correct.
- **Mr. Ayaz Motivala- Nivalis Partners:**
- So from a cash flow point of view, this cash which you talk about 27 odd crores, bulk of that would be kind of that?
- **Mr. Saurabh Shah- CFO, Kaya Limited:**
- Yeah, so basically we don't have a refund policy.
- **Mr. Ayaz Motivala- Nivalis Partners:**
- So it's the expenses and the losses.
- **Mr. Saurabh Shah-CFO, Kaya Limited:**
- Yeah. So we don't have refund policy. So basically all these customer advances what we look into the balance sheet is basically to be consumed, service which are due and we cannot consume within one month. There's a time spend for the service to be consumed, maybe 6 months, 9 months, 12 months. Gradually as and when the customer comes and consumes the service we recognize the revenue. So that's how it works for us.
- **Mr. Ayaz Motivala- Nivalis Partners:**
- And did you relax the norms because it is a shut down for the bulk of.....
- **Mr. Rajiv Nair – CEO, Kaya Group**
- We did give a relaxation for almost 6 months for people to consume services additional to the expiry that we normally have in these services. And we continue to do that all the way through the pandemic. So right now some of the services which are due between April and September have been extended up to December. And as the pandemic situation arises and continues, we will keep giving that benefit to customers.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Yeah. Sure. And you talked about collections. Are you continuing to sell packages? Like are consumers buying upfront even now?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- So actually collections are showing a good growth over the last 3 to 4 months. As I mentioned in the month of July we started the business with 12 clinics & ramped up to about 70 clinics by end of July. Initially there was lot of hesitation for people to come to the clinic. But as we see now almost all segments of consumers have started buying.

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- **Mr. Ayaz Motivala- Nivalis Partners:**

- Sure. So just on the collection, so just a last sort of thing because this is very interesting. Do you have a sense of what is the average duration of what the customer buys from these packages barring the exigency of COVID, on a normal basis? This gives you what kind of visibility of consumer buying for their visits on a 3-6 month basis or even longer?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- So it depends on the type of packages consumers buy. Our packages can range anywhere between 6 months going all the way up to 18 months. So depending the type of packages that they buy we do have an analytical system where we can predict the volume of consumption that happens over the next 3 to 6 months' time based on the purchase pattern of the customers in the last 6 months, 9 months, 12 months. We can also project expiries that happen in the business. So we did believe that there was going to be a very large expiry happening in September, so we extended the timeline for customers for 3 months based on the same principle just to make sure that it's not like customers are spending money and not able to utilize their packages. So we do predict the quantum of consumption as time passes.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Right. And lastly sir like you eluded to drawing a parallel between collections and revenue recognized, of the revenue that you've reported both in India and the Middle East would you say 17% of the business or some number is sort of walking-in's non-packages and others are these people who upfront bought the packages.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- No, no. So net revenue doesn't include any upfront buying except for products where there immediate revenue recognition or there could be some single use sessions that

are there. Like for example I pay the same day and I consume the same day, those are maybe accounted for in the net revenue. Largely packages will not get directly accounted in net revenue. Only when customer consumes, we account for that in the net revenue.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Yes. So sir I wanted to understand how much of the net recognized revenue has an element of packages versus others?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Net revenue will have consumption of packages. So Saurabh is there any specific way you'd like to address that?

- **Mr. Saurabh Shah- CFO, Kaya Limited:**

- I think specifically what we can do is the product is directly co-related with the revenue, the product revenue what you look into it and you reduce the tax rate. So product is directly attributed. Package would around 80-90% would be direct.

Mr. Rajiv Nair – CEO, Kaya Group

- So roughly about yeah in a clinic business about 85% of the net revenue that you're recognizing is because of packages bought and packages consumed. About 15 to 17% would be because of products. If that answers it.

- **Mr. Ayaz Motivala- Nivalis Partners:**

- Yeah. So for the overall 25% from a clinic level that is, that's very, very variant Thank you very much and all the best.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah.

- **Moderator:**

- Thank you. Our next question is from the line of Saurabh Shroff from QRC Investment. Please go ahead.

- **Mr. Saurabh Shroff- QRC Investment:**

- Yeah hi gentlemen. Good morning.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Hi. Good morning.
- **Mr. Saurabh Shroff- QRC Investment:**
- My first question is on the product front if you could maybe help us understand what sort of the medium term strategy is in let's say the 12, 24 months and I am asking this from how you see this evolving from a channel point of view whether it is clinic, GTMT or E-commerce, sort of how do you see that standing out and also from an offering point of view how much breadth do you want to add and how do you see that evolving?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah. So as far as product is concerned it continues to be a strong segment for us and we do believe it also makes life more simpler for us because in product the revenue is recognized immediately versus packages takes a longer time and it also needs more specialized labor to perform services versus products. So our goal continues to be that 40% mix for product and that's what we will aim to achieve in products over the times to come. We have delivered 30% mix of products in the previous quarters (FY20). So we believe 30% is achievable very easily. 40% we'll have to work a little harder on that. But how we plan to do it is a combination of clinics and E-commerce. Our entire push over the next 2-3 years is going to be strongly on digital and E-commerce. To that end we're investing on a web site both in India and Middle East has already started on a new web site. Today it's a miniscule percentage of business coming from Brand.com. Our partner relationships are very strong on the E-commerce front. So both Amazon and Nykaa are our principle partners. Flipkart, Myntra are also good partners. But we do believe there is lot more play that is coming up in that space with brands like Ajio and others coming into that space. So we will work with multiple partners in the online ecosystem and we will work on our own web site.. Clinic currently the mix of products is about 16%. We want to make that percentage increase to 20%. And to that end we are working on lots of initiatives on product launches creating more exciting products. We're also doing some nice promotions in the clinics for people to buy more products from the clinic. We're also starting a third channel which is web consultation. So during the pandemic did quite a few web consults. We are putting in place technology for doing our own Kaya web consult. We're have also tied up with partners like MFine for web consult. We believe more than services , products can sell on web consult. And that is another channel that we will be focusing. Today it's going to be a very small channel. But we will grow it over time. So we're building all infrastructure needed for building a strong web consultation project. Web consult also has the benefit of

reaching out to smaller cities from the 26 cities that we operate because doctors can then talk to customers from remote areas as well.

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- **Mr. Saurabh Shroff- QRC Investment:**

- And sir in the presentation you have shown a, just to clarify, a negative number on GTMT, is that essentially return? 1.2 to minus is the point A.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- To some extent we've rationalized our GTMT business quite a bit . Now we no longer deal with the departmental stores. We also have stopped supplying to, some of the modern trade partners where we did struggle a bit with our payment structures, reconciliations and stuff like that put together. The pandemic has made the distribution business weaker as the retailers are struggling to get customers and pay on time. But I think over this quarter that problem will be over. But last quarter we did take back quite a bit of inventory which has been lying with them for more than six months, six and a half months.

- **Mr. Saurabh Shroff- QRC Investment:**

- So you said that you achieved the 30% sort of product revenue in sales. So correct me if I'm wrong.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- No Quarter 2 was only 25%. But in the previous quarter....

- **Mr. Saurabh Shroff- QRC Investment:**

- No I'm talking historically.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Exactly.

- **Mr. Saurabh Shroff- QRC Investment:**

- So let's say that that puts us somewhere in the ballpark of about a 100 crores of sales on products.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Not really. Not yet. Not yet. So product revenue is the range of about 55-60 crores of revenue for the normal year is what we actually have been doing. So 200, so again you're calculating it on the India, Middle East joint numbers.
- **Mr. Saurabh Shroff- QRC Investment:**
- Combined. Okay fair enough.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Middle East is a very different story on product. If you want, I can ask Vikas also to clarify. Middle East is a very premium product market. India is a more mass product market. So, in Middle East we do source some products locally to supply to consumers as well. So, mix of products is less than 10% in the Middle East market. But we are also looking at the E-commerce journey and others in the Middle East as well. Vikas if you would like to throw some light? Vikas are you there?
- **Mr. Vikas Agarwal- CEO, Kaya Middle East:**
- Yeah, can you hear me?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, yeah.
- **Mr. Vikas Agarwal- CEO, Kaya Middle East:**
- I think as Raji rightly put it product strategy here given the market and environment is quite different. So we have around 9 to 10% contribution of products. And products here are more active, lot more advanced. So we have a range of non-Kaya products also that we have and lot more premium also that goes up to even 1000, 1100 dirhams for products which is almost 20,000- 25,000 Rupees. And doctors prescribe it with the services which really helps. So I think our strategy here we have launched E-commerce last month and we do see a potential in that maybe not as sizeable as India in the coming times but we do see a potential with the post-COVID world that is changing. But active ingredients, premium products, getting in new ranges of innovation will be the key for need to drive products. We do expect our contribution to go up slightly from where we were in pre-COVID levels with the range of launches that we've done and E-commerce will add to it. So it's a little different strategy. But I see a post-COVID world where we are seeing a potential in that pretty much.
- **Mr. Saurabh Shroff- QRC Investment:**

- Okay understood. And sort of coming back to the India product, you said peak sales of 50-55 crores or 60 crores that you have done, I mean one would imagine that our path to 100-150 crores over the next 2-3 years with targeted marketing, is that unachievable to your mind?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- No it is not. It is not. I am saying that we need to pursue the strategy on product, and we believe in it. And we will continue to invest both on the digital and the clinic channels and also on innovation and R&D. We are definitely working towards a path where we will see higher growth on products. Of course, distribution has been a bit of a setback for us because of the nature of the service and unfortunately pandemic has kind of hit distribution quite badly. But ecommerce will be very strong play for us which should be there. And I think clinics also will try and increase the mix to about 20% plus which should be there. So I think for sure what you are saying is an ambition and we would really pursue product growth in the business continuously.

- **Mr. Saurabh Shroff – QRC Investments**

- Because sir, from what I have seen of the product and not that I am a consumer, but my limited understanding is that our packaging and general product appearance at least, is right up there. So, it is almost making me wonder, what is holding – it is almost an exponential growth...

- **Mr. Rajiv Nair – CEO, Kaya Group**

- No, I will...

- **Mr. Saurabh Shroff – QRC Investments**

- I am just trying to figure out which piece of the puzzle is missing.

- **Mr. Rajiv Nair – CEO, Kaya Group**

- No, I will just add one dimension to the fact is that we have not gone out and spoken very, very strongly in terms of marketing on products because traditionally our business has been a service-oriented clinic business. It is over the last 3 to 4 years that we have started more distribution, more ecommerce, and today, more money is being spent on ecommerce right now. So if you look at the expenditure on ecommerce marketing, in these channels has increased substantially. We haven't really pumped in a lot of money to build large awareness on products. So that's an area that I think could be an opportunity. But that is something that we have not really done. So what you said rightly is two things are very important. Our products are highly efficacious. Our products are generally a little more expensive than the FMCG ranges. So we are talking in the 700-800 price point range versus FMCG being in the 250-300, even some of the skincare popular brands are in the 200-300 range. So that is why we brought in this

range called Derma Natural which will compete in a more competitive price segment and will also have a natural ingredient story which probably works well for our consumer in India. So that is something that we are trying to do to increase penetration of products.

- **Mr. Saurabh Shroff – QRC Investments**

- Fair enough sir. Understood. And finally...

- **Moderator**

- Mr. Shroff, I am sorry. May we request you to return to the queue? There are several participants waiting.

- **Mr. Saurabh Shroff – QRC Investments**

- Okay sure.

- **Moderator**

- Thank you. We will take our next question from the line of BP Rajesh from Banyan Capital. Please go ahead.

- **Mr. BP Rajesh – Banyan Capital.**

- Yeah hi, actually just listening to your comments, as you were comparing yourself with FMCG brands, on the higher end like say Forest Essentials, what is the price gap there? And who is competing with you directly in your price band as far as the products are concerned?

- **Mr. Rajiv Nair – CEO, Kaya Group**

- Forest Essential is a little different story because it's an Ayurveda based brand. So we are not actually in that space. We are in the more skincare space. For us, brands like Nivea, brands like Neutrogena, brands like Wow, Plum, Mamaearth, these are the kinds of brands which would be there in our space. There are some traditional Indian grown brands which have been there for a long time like Lotus Herbal. We are not exactly in the same price segment as some of these brands because international brands like Nivea and Neutrogena also play quite a bit in the Rs.200-500 price points. Whereas we are in the 600 - 800 type of price points. We don't have any direct competitor in that price segment. But we do claim that we have better products because of dermatology experience and the quality of research that we put into the product. So that is why we have not kept our pricing exactly to fall into a very, very low end pricing.

- **Mr. BP Rajesh – Banyan Capital.**

- Hmm. Okay. Okay. And then in terms of – sorry to just ask this question again – but let’s say business comes back to normal in India as well as Middle East. Do you foresee yourself getting back at let’s say last year’s EBIDTA margin? Or it will take let’s say 4-5 years to get there? What I am trying to understand is how long will it be before it gets back to normal?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- If you look at the EBIDTA performance or operating margin performance in fact we have better performance this year than last year. If you actually look at India....
- **Mr. BP Rajesh – Banyan Capital.**
- I know.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah so what has actually happened is one part is the turnover growth and one part is the cost line right? So we have aggressively rationalized cost lines and of course not all of that cost benefits will continue into the future. But some of the productivity improvements that we have done can continue for future. Now with turnover growth, if the costs are kept under control, the profitability should in fact increase. And in India specifically, with 23-24 of our low performing clinics not operating anymore, it should in fact give us an extra benefit for that purpose. In the case of Middle East of course it could be a more top line driven story, higher value story per consumer. And that is why gross margins should play a good part and turnover should play a good part in the Middle East.
- **Moderator**
- Mr. Rajesh, may we request you to return to the queue please?
- **Mr. BP Rajesh – Banyan Capital.**
- Yeah just one quick thing. Can I get your contact information so that I can send more questions? Hello?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, yeah, yeah.
- **Mr. BP Rajesh – Banyan Capital.**
- Yeah I was just trying to follow up with you offline.
- **Mr. Rajiv Nair – CEO, Kaya Group**

- What we can do is that between Saurabh and me, you can plan a separate conversation because I think there are other people wanting to ask questions. So we can touch base and we can discuss separately offline.
- **Mr. BP Rajesh – Banyan Capital.**
- Okay, alright. Thank you very much.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah. No problem. Thank you very much.
- **Moderator**
- Thank you. Our next question is from the line of Vinod Sharma from Step By Step Consultants. Please go ahead.
- **Mr. Vinod Sharma – Step By Step Consultants**
- Yeah, hi Rajiv, Vikas.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Hi, good afternoon.
- **Mr. Vinod Sharma – Step By Step Consultants**
- First of all accept our compliments, because Kaya is a very good contact and a very good company to start with. And it was incorporated in 2003 right? And you have mentioned that it is a blend of medical, retail and hospitality right?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah.
- **Mr. Vinod Sharma – Step By Step Consultants**
- 17 years right? How many years of quarters you might have shown in terms of profits? Bottom line being black?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Saurabh I don't know the exact number of quarters right now. Saurabh do you have any numbers on that?
- **Mr. Saurabh Shah – CFO, Kaya Group**
- No so, I don't have that information at the moment
- **Mr. Rajiv Nair – CEO, Kaya Group**

- Yeah if it is just an observation then we can give you the exact number. But otherwise please you can ask a question.
- **Mr. Vinod Sharma – Step By Step Consultants**
- Yeah this is just an observation.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah it is fine.
- **Mr. Vinod Sharma – Step By Step Consultants**
- And second thing is what I was just wondering, that suppose if you give a price hike of say around 20%, how much business are you going to lose?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Sorry, sorry, I didn't get that question.
- **Mr. Vinod Sharma – Step By Step Consultants**
- In all your product lines, all your ticket sizes, if you increase your price by 20%, how much business you are going to lose? From presently suppose you are doing 58 crores, it might come down to how much?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- That's a very hypothetical question. We need to access the entire market before we decide whether we want to take another 20% right?
- **Mr. Vinod Sharma – Step By Step Consultants**
- Absolutely. No, why I am saying that is, because at least you would start thinking in terms of profitability right? Number one. Because your products are targeted to an audience where plus/minus Rs. 100-200 here and there is not going to make any difference.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Sure.
- **Mr. Vinod Sharma – Step By Step Consultants**
- Number one. Number two, because see very rightly I think in the last question or last to last question you had answered that you have closed your departmental store business and all that. I was wondering if 3-4 years back, what is happening out there , you must be shelling out quite a lot of money there. And not even a single product moved out there in out there.

- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah.
- **Mr. Vinod Sharma – Step By Step Consultants**
- So that is a very right thing. And in the entire concall I was looking at it, was because you are talking about clinic, clinic, clinic, clinic. So retail and hospitality or beauty, that market is too big. So what exactly is the go to market strategy out there?
- **Mr. Rajiv Nair – CEO, Kaya Group**
- No I just differ on only one point. See one should stick to ones core competencies and not try and confuse the business with mass beauty brands. Because honestly we are not just a beauty brand. We are a dermatology brand. So clinic, the word clinic doesn't signify just doctoral practices but also the fact that we are into cosmetic practices based on dermatology know how. So that is why bulk of our business is clinic.
- **Mr. Vinod Sharma – Step By Step Consultants**
- I am with you on this. I am not disputing that. I am not disputing. I am just speaking from the point of view of the customer. See there is one clinic area where dermatologists and other people are there, which is a huge – in any case it is a pharmaceutical line of business and those customers can be augmented or can be approached from there. But there is a huge market where your core competency also can be utilized which is a huge market. I think because you actually put a point there. You guys should start thinking on those terms.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Sure. Sure. If you could ask a question then it might be easier for me to answer. Otherwise you know...
- **Mr. Vinod Sharma – Step By Step Consultants**
- My question is only one. 17 years old, you are taking money from your promoters. So when are you going to give your promoters....
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Yeah, yeah. So point well taken. I mean the efforts is what we will be discussing in this call, and what we have done over the last quarter. Obviously if there are any specific questions related to that is what I would definitely want to give. I don't want to give guidance or I can't talk about the future. But we can only tell you what we are doing at the moment.
- **Mr. Vinod Sharma – Step By Step Consultants**

- Okay thank you no further question.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Thank you.
- **Moderator**
- Thank you ladies and gentlemen. That was the last question. I now hand the floor back to the management for closing comments. Over to you sir.
- **Mr. Saurabh Shah – CFO, Kaya Group**
- Just to conclude, the Group is closely monitoring the development and the possible effects that may result from the current pandemic on this financial condition, liquidity and operations, and is actively working to minimize the impact of this unprecedented situation. Have a safe and Happy Diwali. Thank you.
- **Mr. Rajiv Nair – CEO, Kaya Group**
- Thank you.
- **Moderator**
- Thank you very much.
- **Mr. Vikas Agarwal – CEO, Kaya Middle East**
- Thank you.
- **Moderator**
- Ladies and gentlemen, on behalf of Prabhudas Lilladher Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.