

June 18, 2020

To,

BSE Limited

Market Operations Department,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001

BSE Scrip Code: 539276

National Stock Exchange of India Limited

'Exchange Plaza', 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra(E), Mumbai 400051

NSE Symbol: KAYA

Sub.:- Disclosure of material impact of COVID-19 Pandemic

Dear Sir / Madam,

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84, disclosure of material impact of Covid19 pandemic on Kaya Limited (the “Company”) is as below: -

1. Impact on the business

The lockdowns and restrictions imposed on various activities due to COVID – 19 pandemic has had a significant impact on the business at Kaya India and Kaya Middle East. The Company’s operations were hit substantially from March 20, 2020. While the business has resumed in May 2020 in UAE, the clinics in Saudi & Oman resumed operations by mid May 2020. In India, we resumed operations for 12 clinics in Bangalore & Hyderabad on June 1, 2020 after the announcement of unlock 1.0. We expect to scale up operations to 50 clinics by June 18, 2020. We expect all our clinics to be operational by end of July 2020. Our corporate office, being in Mumbai is likely to start functioning only by July 2020. Our manufacturing facilities were fully shut down along with our warehouses till mid May 2020 but have resumed operations slowly, albeit with restricted labor. The Company managed marginal sales of essential products like hand sanitizers during this period through ecommerce channels.

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down

The clinic operations were shut down during the period of the lockdown. Warehouses & Factories were closed but have since started operations. Corporate office in Mumbai is closed as a precautionary measure and is likely to start functioning by July 2020.

3. Schedule, if any, for restarting the operations and steps taken to ensure smooth functioning of operations

Kaya Ltd has taken significant steps to make its clinics Covid 19 safe, some of the safety measures are listed below.

KAYA CLINICS

- Covid-19 taskforce set up to look at every aspect of Clinic Safety & Hygiene protocols
- Training of every team member online & pre-opening in clinic drill, including for the housekeeping staff
- Protocols complying to WHO standards & certified by the Kaya Pool of Dermatologists
- UVC sanitisation of service rooms/grooming rooms
- Pre-screening and temperature checks of consumers, staff and vendors & a health declaration form
- Usage of the Aarogya Setu app by Employees and Clients
- Consultation/Service by prior appointment only
- Extensive safety protocols followed by our staff and dermatologists – use of masks, gloves, sanitizers, PPE kits that are SITRA certified
- Contactless experience not limited to hands-free sanitiser at the front desk, assisted purchase of products, digital mode of payments etc.
- Monodose kits for all services
- Extensive safety manual for employees, vendors and consumers.

Our safety protocol is based on the WHO guidelines and global best practices & this will make our clinics safe and secure for our employees and our clients.

4. Estimation of the future impact of COVID-19 on its operations

The impact of Covid 19 on business is likely to be significant as it has resulted in substantial revenue loss in April 2020 & May 2020. We expect clinic revenues to be at 50% levels in FY 21 -Q2 & Q3. However, we will have to revisit our estimates in case there are further changes in market conditions due to the Covid 19 impact. We expect consumer spending on discretionary areas to be hit in the short to medium term. Recovery of sentiments might take another two quarters. The middle east market is expected to recover faster & might see a 25% impact v/s Last Year as the health care measures taken by the governments in these regions are strong. Ecommerce which contributes to 40% of our product sales is likely to be strong in India and is expected to grow at 40%.

5. Impact of COVID-19 on capital and financial resources, profitability, liquidity position, ability to service debt, assets and internal financial reporting and control

In last 2 months, the Company's operating cash flow was negative due to minimal sales during the period of lockdown.

Overall business is based on fixed cost model, so based on profitability and future potential of the clinics, the company has decided to shut down around 20 clinics located in India. There is a cost rationalization approach adopted in the business towards various cost line Including salary, where there has been pay cuts.

Based on Internal Review, the Company would require funds for the operations and is evaluating options to raise the funds.

The Company does not see incremental risk to recoverability of assets (Inventories, investments, Receivables, etc.) given the measures being taken to mitigate the risks. There is also no impact on internal financial controls due to the COVID-19 situation.

6. Impact of COVID-19 on supply chain

According to the Company, there will not be significant long-term impact on supply chain as we largely depend on locally sourced raw materials. Some specialized actives which are sourced from imports might have short term supply issues which we have addressed through building up some buffers. Packaging materials which are imported will depend on external environment and government policies. We expect Warehouse & Factory functioning to be normalized by June 2020 / July 2020, however staff attendance might take some time to normalize.

7. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business

The Company is well positioned to fulfil its obligations and does not foresee any significant impact on the business due to non-fulfilment of the obligations by any party.

8. Impact of COVID-19 on Key Subsidiaries of Kaya Ltd

Kaya Middle East is likely to recover from Covid 19 impact faster due to better health care facilities in the Gulf cooperation Council. Our clinics in the Middle East are operational since the last one month. Customer traffic is building up, though it is currently at 50% levels of last year.

9. Annual Audited Accounts – FY 20

Generally, the Company publishes its annual audited accounts by first week of May of each year. However, due to the current situation, we are planning Board Meeting to adopt the annual audited accounts which would be held by end of June 2020.

This is for your information and records.

For Kaya Limited,

**Sd/-
Rajiv Nair
Chief Executive Officer**